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Can Small Donations Have Big Consequences?

Candidate Ideology, Small Donations, and Election Results in the 2016 and 2018 Congressional
Cycles

An Honors Paper for the Department of Government and Legal Studies

By Michael Borecki

Bowdoin College, 2021

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Chapter 1: Small Donors and Campaign Finance in Federal Elections

The election of 2020 was the most expensive federal election cycle in U.S. history, taking a trend of gradual increases in spending in presidential cycles and blowing it out of the water with a greater than 100% increase over spending in 2016.¹ Unsurprisingly, eight of the ten most expensive Senate races in U.S. history also occurred in 2020, with spending data as of mid-October.² Money flooded the system, and 2020 marked a continuing change in the makeup of the donor population, as 22% of total money raised through September came from small donations, including \$1.7 billion given to Democrats and \$1 billion to Republicans, up from 15% in 2016.³

Small donations are generally defined as aggregate contributions of under \$200 (to a single candidate), at which point a donor's information has to be disclosed to the FEC.⁴ Those aggregate contributions below \$200 are thus *unitemized* (i.e. unreported at the donor level) by candidates, and can be referred to using that term, while contributions above \$200 are *itemized* contributions. As more donors reach an aggregate total of over \$200 as the election cycle draws to a close, their money no longer counts as small donations, and causes estimates of small donation totals (As a share of all contributions) to change (on the other hand, newer donors may contribute at the end of the campaign). This surge in small donations was very evident in expensive Senate races,⁵ and may have important implications for the future of Congressional

¹ "2020 election to cost \$14 billion, blowing away spending records," *OpenSecrets.org*, October 28, 2020, <https://www.opensecrets.org/news/2020/10/cost-of-2020-election-14billion-update>.

² Ibid.

³ Ibid.

⁴ Disclosure laws use a sum of an individual's contributions, so someone who donates \$1 to the same candidate 201 times is not a small donor.

⁵ As of October 2020, the six candidates with the most raised from small donors were, in order: Jaime Harrison, Amy McGrath, Mark Kelly, Lindsey Graham, Sara Gideon, and Marth McSally. Both Harrison and McGrath raised more than \$50 million and 50% of their funds from small donors.

"Large Versus Small Individual Donations" (web page), *OpenSecrets.org* (website), accessed November 17, 2020, <https://www.opensecrets.org/elections-overview/large-vs-small-donations?cycle=2020&type=A&t0-total+money+raised=Raised+over+%24100k>.

fundraising: At the start of the 116th Congress (2019-2020), Democrats in the House introduced and passed a House Resolution (H.R. 1) that would match the first \$200 contributed by an individual to a specific candidate with six times as much money in public funds.⁶ The bill did not pass a Republican Senate.

This project looks at the role of small donations in American elections, focusing on the type of candidates who attract small donations and any connection between those donations and electoral success, measured using vote share. I will leverage the Database on Ideology, Money in Politics, and Elections (DIME) for information about candidates, such as party, district, gender, and incumbency status, as well as for its CFscore ideology measure (described below). In addition, I use information on fundraising and election results from the FEC, district partisanship information from the Cook Political Report, Facebook advertising statistics from the company's ad archive, and Congressional district median income information from human rights activist Adam Isacson's website.

CFscores are an ideology score based on clustering of individual contributors, with DW-NOMINATE scores (which are a commonly used scaling of members of Congress based on roll-call voting) serving as a base.⁷ Individual donors can be assigned ideology scores based on the known ideologies of candidates they donate to, then scores can be assigned for all candidates based on a weighted average of the scores of their contributors. CFscores are able to give scores to candidates who do not have a history of roll-call votes, and incorporate political donors' views of candidate issue positions that rarely or never appear in votes. This means that candidates who

⁶ Richard H. Pildes, "Participation and Polarization," *University of Pennsylvania Journal of Constitutional Law* 22, no. 2 (2020): 348.

⁷ Adam Bonica, "Mapping the Ideological Marketplace" (2014): 2-3.
https://web.stanford.edu/~bonica/papers/bonica_ajps_mimp_2014.pdf.

have a more-bipartisan donor base will appear less extreme, while candidates whose donors are all party loyalists will appear more extreme, independent of votes. Still, a candidate who has more donor overlap with, say, Joe Manchin will likely have a more moderate score than a candidate with fewer common donors, even if all donors to those two candidates are Democrats. Ultimately, CFscores predict roll call votes at about a 92.8% accuracy rate, 1% better than party identification alone, and 1% worse than the DW-Nominate scores based off those votes.⁸ More information about CFscores is provided in the appendix to this chapter.

In this chapter, I plan on reviewing the issue of money in politics more generally, starting with an overview of how our current campaign finance system affects our politics and how Supreme Court jurisprudence brought it there. Next, I will cover motivations for contributing as a large or small donor, such as ideological agreement, party loyalty, or a desire for access or influence. Finally, I'll introduce the question of whether fundraising or spending ultimately affects the outcome of elections. Chapter 2 further explores the motivations behind small donations, and examines the relationship between gender, candidate experience, district competitiveness, Facebook spending and small donations. Chapter 3 then examines how campaign finance affects election results, and includes linear models for the relationship between small donations, larger donations, comparative spending, and a candidate's final vote share.

Small donors have the potential to play an increasingly large role in the financing of political campaigns, and it is valuable to understand how these changes influence electoral outcomes. In the concluding chapter, I review the main findings and consider the main implications that I can draw from my analysis. These include the significant association between

⁸ Adam Bonica, "Are Donation-Based Measures of Ideology Valid Predictors of Individual-Level Policy Preferences?" (July 18, 2018), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3087782: 6.

more-extreme CFscores and greater receipts of small donations, but worse general election performance than similar but more-moderate candidates. Small donations are also associated with lower candidate performance than large donations, but more broadly, candidates who outspend their opponent outperform when compared to the performance of their party's presidential candidate in their district. Importantly, this advantage for spending disappears in the closest (and thus more high-profile) races.

How Does Money Affect the Work of Congress?

A number of academics and legal scholars have bemoaned the importance of “big money” in politics, a sentiment that, while not prominent, appears to be shared by the American people. Richard Hasen has claimed that we have “a system in which economic inequalities, inevitable in a free market economy, are transformed into political inequalities that affect both electoral and legislative outcomes.”⁹ In *Republic, Lost*, Lawrence Lessig cites a post-*Citizens United* poll in which 70 percent of respondents agreed with a statement that Congressional representatives are “controlled” by the people, PACs, and interest groups who fund their campaigns.¹⁰

Republican megadonor Sheldon Adelson (who died in early 2021) is one example of a bankroller who could be viewed as “controlling” specific candidates. Adelson heavily backed Newt Gingrich in the 2012 Republican Party, and political scientist Raymond La Raja argues he did so to “advertise his strong preference for policies that limited government regulations and

⁹ Richard Hasen, *Plutocrats United: Campaign Money, the Supreme Court, and the Distortion of American Elections* (New Haven: Yale University Press, 2016): 15.

¹⁰ Lawrence Lessig, *Republic, Lost*. (New York: Hachette Book Group, 2015): 167.

supported Israel,” positions pushed by Gingrich’s campaign.¹¹ Richard Hasen, meanwhile, describes how Chris Christie had a private meeting to apologize to Adelson for describing the West Bank and Gaza Strip as “occupied territories.”¹² Gingrich did not win in 2012, nor Christie in 2016, but it’s clear Adelson held important sway in the politics of the Republican Party. Even if this is merely an appearance, it’s deeply concerning to advocacy groups like the Brennan Center for Justice, which argues “the reality, or even the perception, that campaign donors call the shots on major policy decisions is deeply corrosive to our democracy.”¹³ And whether or not the general public continues to believe the political process is corrupted by campaign cash, members of Congress have been frank about its negative effects.

Consider U.S. Rep.-turned MSNBC anchor Joe Scarborough, who claims that during the 1990s, “across the spectrum, money changed votes,” or Eric Fingerhut of Ohio, who admitted “the completely frank and honest answer” about money is that it “has a serious and profound impact on not only the issues that are considered in Congress, but also on the outcome of those issues.”¹⁴ Much of this connection is likely connected to the work of lobbyists, who Leon Panetta has described as “indispensable to politicians” and “in the driver’s seat...they basically know that the members have nowhere else to turn for money.”¹⁵ Even when politicians do not consider the fundraising implications of taking a particular issue position, they often receive just one side of issues when meeting with lobbyists and top donors. As Senator Chris Murphy (D-CT) states,

¹¹ Raymond J. La Raja and Brian F. Schaffner, “The Ideological Wellsprings of Campaign Money,” In *Campaign Finance and Political Polarization: When Purists Prevail* (Ann Arbor: University of Michigan Press, 2015): 48.

¹² Hasen, *Plutocrats United*, 11-12.

¹³ Gareth Fowler and Daniel I. Weiner, “Understanding H.R. 1’s Public Financing Provisions,” *Brennan Center for Justice* (September 20, 2019), <https://www.brennancenter.org/sites/default/files/analysis/Understanding%20HR1%20Public%20Financing.pdf>: 2.

¹⁴ Both from Lessig, *Republic, Lost*, 133.

¹⁵ *Ibid*, 104.

“you’re hearing a lot about problems that bankers have and not a lot of problems that people who work in the mill in Thomaston, Conn., have.”¹⁶

The other cause for this connection is politicians’ understanding that organizations may advocate in elections in favor of either them or their opponent based on their stance on particular issues. Bob Kerrey, a former Senator from Nebraska, has stated that you ask yourself “is Americans for Prosperity going to advertise against me in a primary, yes or no?” and “if I do something about” global warming, “I know the Koch brothers are going to run an ad against me.”¹⁷ It’s generally uncommon for incumbents to lose to well-funded primary challengers, but it sounds like Kerrey would not have risked it.

In their aptly-titled paper “Why Is There So Little Money in U.S. Politics?” Stephen Ansolabehere, John De Figueiredo, and James Snyder disagree with assertions of damaging links between campaign cash and votes, despite theoretical “astronomically high rates of return” from favorable policies obtained through disbursements.¹⁸ In a survey of forty previous studies on PAC contributions,¹⁹ they note three-quarters of the studies found no significant connection or a negative connection, in which increased contributions led to less support for an issue.²⁰ They also point out the results from a sample of 94 executives from 12 unidentified “large corporations,” in which the average executive donated 0.05 % of their income, hardly different from the 0.04 % share for all Americans.²¹ Instead, they argue for the view of contributions “as a form of

¹⁶ Fowler and Weiner, “Understanding H.R. 1’s Public Financing Provisions,” 3.

¹⁷ Hasen, *Plutocrats United*, 51-52

¹⁸ Stephen Ansolabehere, John M. De Figueiredo, and James M. Snyder, “Why Is There So Little Money in U.S. Politics?” *The Journal of Economic Perspectives* 17, no. 1 (2003): 111.

¹⁹ Political Action Committees (PACs) collect individual contributions before contributing that money to candidates, and are often affiliated with corporations, industries, and labor unions.

²⁰ *Ibid*, 112-114

²¹ *Ibid*, 118-119

consumption – or, in the language of politics, participation.”²² From that perspective, donors participate because of the social or emotional benefits of doing so, rather than for the potential financial implications. It’s an expensive form of consumption for many participants too – 0.06% of Americans give \$200 or more in a federal election cycle, and those 0.06% account for 65% of all disclosed contributions originating from individuals.^{23,24}

And despite the apparent lack of connection between PAC activity and votes on desired policies, interest groups still participated in the elections studied by Ansolabehere et al. They suggest that groups might serve merely as a more effective conduit or another consumer, but also indicate that interest groups may look for “access, rather than policy directly” and “give a little” to “get a little.”²⁵ Indeed, a lack of connection between money and roll call votes does not mean that politicians can’t “skew policies in ways preferred by individual donors.”²⁶ Any study of this topic should also in theory cover cases in which candidates adopt positions in anticipation of future support.

Ultimately, the influence of lobbyists and campaign cash in Congress has more to do with providing direction to members of Congress who already support a particular stance than converting other members. As Richard Hasen notes, “Usually, the lobbyist’s role is to provide support and useful information for a position the legislator already holds. At other times, the issue of interest to the lobbyist (and her client) is one the legislator has no firm position or even knowledge about.”²⁷ Hasen does note that lobbyists “often have a difficult time getting elected

²² Ibid, 117

²³ La Raja and Schaffner, “The Ideological Wellsprings of Campaign Money,” 40.

²⁴ Shane Goldmacher, “Dozen Megadonors Gave \$3.4 Billion, One in Every 13 Dollars, Since 2009,” *New York Times*, April 20, 2021, <https://www.nytimes.com/2021/04/20/us/politics/megadonors-political-spending.html>.

²⁵ Ansolabehere, De Figueiredo, and Snyder, “Why Is There So Little Money in U.S. Politics?” 126-127.

²⁶ Lessig, *Republic, Lost*, 139.

²⁷ Hasen, *Plutocrats United*: 54.

officials to take action,”²⁸ though if the lobbyist is a conduit for information it should be much easier to work at the margins, pushing existing and popular bills in a desired direction.

Even if it is unclear whether money has an outcome on the content and passage of legislation, the constant need to fundraise is hamstringing the ability of Congress to legislate. Lessig notes that members of Congress spend anywhere from 30-70 percent of their time fundraising, which leaves them with less time to read increasingly-lengthy bills (something they rarely do) and attend committee meetings. Indeed, the annual number of committee meetings in the House was halved between the 1970s and 2010.²⁹ Many members of Congress dislike the constant focus on fundraising, but only speak out following retirement.

When announcing his retirement in 2016, New York Rep. Steve Israel stated “I don’t think I can spend another day in another call room making another call begging for money,” and estimated he spent almost 6,000 hours raising money across his eight terms³⁰ (which, to his credit, is just an hour a day). Rodney Alexander, a Louisiana Representative, claimed that raising money is “the main business, and it’s 24 hours a day raising money.... It’s not fair for the member, not fair for constituency to have to be approached every day or two or week or two about campaign contributions.”³¹ Alexandria Ocasio-Cortez reinforces this point, Tweeting in January 2019 (just after entering office): “This week I learned some members spend as little as 5 hours per WEEK in their office bc their fundraising commitments are so high.”³² In November of

²⁸ Hasen, *Plutocrats United*: 56.

²⁹ Lessig, *Republic, Lost*: 138-139.

³⁰ New York Times Editorial Board, “Beggars Banquet in Congress,” *New York Times*, January 7, 2016, <https://www.nytimes.com/2016/01/07/opinion/beggars-banquet-in-congress.html>.

³¹ Andy Kroll, “Retiring GOP Congressman: Fundraising is the “Main Business” of Congress,” *Mother Jones*, August 8, 2013, <https://www.motherjones.com/politics/2013/08/retiring-rodney-alexander-congressman-fundraising-congress/>.

³² Alexandria Ocasio-Cortez, Twitter post, January 13, 2019, 9:34 a.m., <https://twitter.com/aoc/status/1084458794015436801>.

that year, she Tweeted that “I haven’t picked up a phone once this year to dial for dollars”³³ and “Since I don’t spend hours each day asking for money, I spend a lot more time legislating, studying, & preparing/sitting in hearings.”³⁴ Even if some of these statements are exaggerated, it’s clear the current requirements of our financing system impose a tremendous burden on members of Congress. And, as Lessig puts it, “If you learned that teachers at a public elementary school that your kids attended were spending 30 percent of their time running bake sales to fund their salaries rather than teaching your kids how to read, you’d be rightfully upset, too.”³⁵

Campaign Finance at the Supreme Court

Recent efforts to “level the playing field” and decrease the emphasis on money in politics have tended to fail at the Supreme Court, due to the perspective that efforts to limit spending amount to restrictions on speech. Most of the current grounds for restricting spending come from the goal or standard of blocking “quid pro quo” corruption as established in the 1976 case *Buckley v. Valeo*.³⁶ *Buckley* concerned the Federal Election Campaign Act’s “ceiling[s] on expenditures,” which advanced a government interest related to “suppressing communication,”³⁷ though the government argued the law regulated conduct rather than speech.³⁸ In *Buckley*, Court equated the use of expenditures to political speech, and not merely conduct, with the statement that “virtually every means of communicating ideas in today’s mass society requires the expenditure of money” and thus “a restriction on the amount of money a person or group can spend...necessarily reduces the quantity of expression by restricting the number of issues

³³ Alexandria Ocasio-Cortez, Twitter post, November 26, 2019, 8:02 p.m., <https://twitter.com/AOC/status/1199493783685079040>.

³⁴ Alexandria Ocasio-Cortez, Twitter post, November 26, 2019, 8:11 p.m., <https://twitter.com/AOC/status/1199495812214120450>.

³⁵ Lessig, *Republic, Lost*: 142.

³⁶ La Raja and Schaffner, “The Ideological Wellsprings of Campaign Money,” 39-40.

³⁷ *Buckley v. Valeo*, 424 U.S. 1 (1976): 17.

³⁸ *Ibid*, 16.

discussed, the depth of their exploration, and the size of the audience reached.”³⁹ However, the Court over a decade after *Buckley* has also considered the “corrosive and distorting effects of immense aggregations of wealth...that have little or no correlation to the public’s support for the corporation’s political ideas” in *Austin v. Michigan Chamber of Commerce*, which upheld regulations on corporate independent expenditures. That was overturned in 2010 by *Citizens United*.⁴⁰

Citizens United outlined much of the Court’s current opinion on corruption, and describes *Buckley* as “limited to quid pro quo,” the financial form of which is called “the hallmark of corruption” and defined as “dollars for political favors.” The opinion then adds that “the appearance of influence or access, furthermore, will not cause the electorate to lose faith in our democracy.”⁴¹ The current Court has used *Buckley* to make it clear that as long as a campaign finance law cannot be judged as curtailing the direct exchange of money for policy, and presumably in that specific order, it will not be upheld, which makes any efforts to limit the current surge in campaign spending unlikely.

Of course, as Richard Hasen notes, restricting the use of money could have “profoundly bad effects” such as “censoring political activity, entrenching incumbents over challengers, or giving special treatment to media corporations.”⁴² Furthermore, it is possible that lower contribution limits, efforts to reduce lobbyist bundling, and restrictions on outside spending would cause incumbents to spend more time fundraising, in races where the marginal dollar might be more important.

³⁹ *Ibid*, 19.

⁴⁰ *Austin v. Michigan Chamber of Commerce*, 494 U.S. 652 (1990), overruled by *Citizens United v. Fed. Election Comm’n*, 558 U.S. 310 (2010): 660.

⁴¹ *Citizens United v. Fed. Election Comm’n*, 558 U.S. 310 (2010): 359-360.

⁴² Hasen, *Plutocrats, United*, 16-17.

Where Small Donors Come In

There is a second method of de-emphasizing “big money” in politics, and that is by magnifying the importance of “small” money: Small donations, i.e. any total below a certain size that raises concerns about a relationship with a candidate or member of Congress. Lessig divides campaign contributions into three “buckets:” the smaller gifts whose contributors are not individually tracked by the campaign, the larger contributions from “people or interests whose interests are fairly transparent,” and money channeled through lobbyists.⁴³ If candidates are primarily interested in raising a *minimum* level of campaign cash, increasing the size of the first bucket would decrease the importance of the latter two, and it would make it easier for candidates to commit to not soliciting large donors and PACs for contributions. Furthermore, for any flaws there may be in pandering to a loyal base in the hopes of raising more from small donations, Lessig notes, “if there is pandering here to raise more cash, it is public pandering. It’s the kind the opponent can take advantage of. It is the part that feeds political debate.”⁴⁴

Magnifying the impact of small donations would also cause individual contributions to be less top-heavy. In 2016, 15,810 individuals accounted for half of all contributions, down from 73,926 in 2000⁴⁵ (perhaps due to the striking down of aggregate contribution limits⁴⁶). Donors are also unrepresentative of the larger population – they are older, whiter, wealthier, and more likely to be male than the average American.⁴⁷ They are also 6 to 9 percentage points more likely to vote in a general election.⁴⁸ Whether or not the profile of the small donor is any more

⁴³ Lessig, *Republic, Lost*, 120.

⁴⁴ Lessig, *Republic, Lost*, 120.

⁴⁵ Pildes, “Participation and Polarization,” 358.

⁴⁶ *McCutcheon v. Fed. Election Comm’n*, 572 U.S. 185 (2014): 188.

⁴⁷ La Raja and Schnaffer, “The Ideological Wellsprings of Campaign Money,” 44.

⁴⁸ Seth J. Hill and Gregory A. Huber, “Representativeness and Motivations of the Contemporary Donorate: Results from Merged Survey and Administrative Records,” *Political Behavior* 39 (2017): 5.

representative of the broader population, donations at a lower level are much more egalitarian and accessible; \$50 or \$100 is still a significant expense for many Americans, but a bag of potato chips retails for at most a couple dollars, and Americans spent \$6 billion on potato chips in 2012, almost enough to fund that year's entire slate of federal campaigns.⁴⁹ It would be odd to ask Americans to give up potato chips so they could fund campaigns, but if they did so, the majority of campaign cash could then come from donors. It's unclear how such a change would impact candidate selections and election outcomes, but catering to donors and to voters may look more similar if financing power is distributed more evenly.

Small Donors and Ideological Motivations

Small donations are not without their criticism, particularly because of the ideological profile of the individual donor base relative to the population as a whole. Raymond La Raja and Brian Schnaffer plotted histograms of the ideologies of registered voters and federal donors in the 2010 election cycle, and while the histogram of registered voters is bell-shaped, the distribution of donors is bimodal, towards the middles of the "liberal" and the "conservative" regions.⁵⁰ La Raja and Schnaffer, who support a more party-oriented system of campaign finance, argue that in "candidate-centered" systems, candidates are "pulled towards the ideological poles" by those "purist outsiders with strong policy preferences."⁵¹

Though it makes sense for political parties, who are concerned with electoral success, to serve as a moderating force in politics, it should be noted that more-liberal Democrats give to their party (i.e. contributions directly to party committees) about as often as they give to

⁴⁹ Hasen, *Plutocrats United*, 42.

⁵⁰ La Raja and Schaffner, "The Ideological Wellsprings of Campaign Money," 46.

⁵¹ Raymond J. La Raja and Brian F. Schaffner. "Campaign Finance Laws, Purists, and Pragmatists: Who Benefits?" In *Campaign Finance and Political Polarization: When Purists Prevail* (Ann Arbor: University of Michigan Press, 2015): 24.

candidates, while moderate Democrats give to candidates at a higher rate than they give to the party.⁵² If more-liberal Democratic donors were interested in pushing or supporting an ideological agenda against the moderating desire of the party, we would expect to see the opposite relationship, which we do see from the Republican Party.⁵³ In addition, La Raja and Schnaffer's argument rests on the belief that donors look to support broader ideological preferences rather than ultra-specific policy objectives (like specific tariffs or subsidies) or a simple desire for access. While there appears to be no clear and direct relationship between campaign contributions and specific policy initiatives,⁵⁴ there is some indication that individual donors do push candidates towards the poles.

However, Seth Hill and Gregory Huber found that some of the ideological motivations that lead to making campaign contributions include perceptions of the opposing party, with Republicans more likely to donate in an election if they placed the Democratic Party as more extreme on a seven-point Likert Scale.⁵⁵ A 2014 Pew survey found a similar result for Democrats, with those holding a "very unfavorable" view of the Republican Party almost twice as likely to contribute as those who hold a "mostly unfavorable view."⁵⁶ Meanwhile, after finding a low correlation between an individual contributor's CFscore,⁵⁷ a measure of ideology based on what candidates different individuals choose to contribute to, and their policy ideology (measured via CCES responses), Hill and Huber add that "within each party coalition, contributors' policy ideology is only somewhat related to the ideology one would estimate based

⁵² La Raja and Schaffner, "The Ideological Wellsprings of Campaign Money," 50.

⁵³ Ibid.

⁵⁴ Ansolabehere, De Figueiredo, and Snyder, "Why Is There So Little Money in U.S. Politics?" 112-114.

⁵⁵ Hill and Huber, "Representativeness and Motivations of the Contemporary Donorate: Results from Merged Survey and Administrative Records," 18-21.

⁵⁶ Pildes, "Participation and Polarization," 386.

⁵⁷ Based on a weighted average of the ideologies of candidates an individual contributes to. From Adam Bonica's Database on Ideology, Money in Politics, and Elections: See Appendix.

upon the candidates to which they donate and the set of donations those candidates receive from other groups and individual donors.” Based on these results, they conclude that “potential donors appear to make the choice to contribute in light of the dynamics of two-party competition, and use their contributions as complements to participation in elections.”⁵⁸

However, in a 2019 study of small donations in the 2006-2010 U.S. House election cycles, Tyler Culberson, Michael McDonald, and Suzanne Robbins found a strong relationship between ideology and small donations raised for incumbents, while controlling for race competitiveness, challenger quality, incumbent scandals, district demographics, and party.⁵⁹ The most ideologically extreme incumbents raised \$306,557 more than the most moderate incumbents,⁶⁰ though ideology did not appear to affect small donations to challengers of incumbents or candidates running for open seats,⁶¹ which may be due to a lack of name recognition and “bona fides.” Michael Malbin has noted that in the 2012 election cycle, almost half of the incumbents who raised more than \$250,000 from small donors were in the more ideologically extreme half of their party.⁶² Specific factors like race competitiveness can magnify a candidate’s profile and lead to more small donations, but Bonica has found that for all regular individual donors (of any amount), a candidate’s ideology is more important than the prospect of access or maximizing the electoral chances of a particular party.⁶³

Understanding the connection between small donors and candidate ideology helps us gain a greater picture of how different types of candidates raise campaign cash. Incumbents raised just

⁵⁸ Ibid, 24-26.

⁵⁹ Tyler Culberson, Michael P. McDonald, and Suzanne M. Robbins, “Small Donors in Congressional Elections,” *American Politics Research* 47, no. 5 (2019): 984.

⁶⁰ Ibid, 986-987.

⁶¹ Ibid, 973.

⁶² Pildes, “Participation and Polarization,” 384.

⁶³ Ibid, 385.

6.7% of their funds from small donors, compared to 21% for challengers,⁶⁴ and are statistically much more likely to receive money from business groups: Over 75% of money from business groups goes to incumbents.⁶⁵ Meanwhile, Adam Bonica found that only 48-55% of small donations go to election winners, vs. 80-90% of corporate PAC money.⁶⁶ Business-related funds going to incumbents should not be a surprise, as Culberson et al. suggest that “materialistic donors may be especially attracted to incumbents for the access they provide to the policymaking process.”⁶⁷ Similarly to businesses favoring winners and incumbents, most of the 30 wealthiest Americans have CFscores more moderate than the average ideology for either the Republican or Democratic Parties, with Charles Koch, George Soros, Sergey Brin, and Larry Page as the only exceptions.⁶⁸

Individuals with a desire for access and policy influence would have an incentive to contribute to politicians on both sides of the aisle, depending on who controls the keys in any given session, but there are clearly those with a larger political agenda as well. Even those looking for influence may have specific goals related to taxes, their business interests, or other preferences, which can be a negative influence on Congress, but they will still want to give to candidates who will win, and those candidates are usually more moderate. Small donors have no expectation of acquiring access, and should thus be more likely to contribute to candidates who agree with them ideologically. Since those donors are also more likely to be on the ends of the

⁶⁴ Ibid, 978.

⁶⁵ Pildes, “Participation and Polarization,” 359.

⁶⁶ Laurent Bouton, Micael Castanheira, and Allan Drazen, “A Theory of Small Campaign Contributions,” NBER Working Paper 24413, National Bureau of Economic Research, Cambridge, MA: 13.

⁶⁷ Culberson, McDonald, and Robbins, “Small Donors in Congressional Elections,” 975.

⁶⁸ Adam Bonica, Nolan McCarty, Keith T. Poole, and Howard Rosenthal, “Why Hasn’t Democracy Slowed Rising Inequality?” *Journal of Economic Perspectives*, 27 no. 3 (Summer 2013): 115.

political spectrum, it would make sense for the candidates they support for ideological reasons to be more ideologically extreme.

President Trump's campaign emails from the 2020 Presidential election can give an idea of what drives an individual to donate. Emails described recipients as "President Trump's fiercest and most loyal defenders" and include appeals such as "The President wants to know who stood by his side when the Radical Left came after him...he's requested a list of every Patriot who donates to this email in the NEXT HOUR. Will he see your name?"⁶⁹ Within these two cuts from longer messages, there is a clear appeal to the donor as an essential member of the campaign who needs to help the candidate, and coded ideological language that plays on anger or other feelings the donor already holds. These messages don't target undecideds or individuals not fully committed to a candidate, and feed off the partisanship that currently appears in the system.

Other Motivations for Contributions

However, in 2018 and in 2020, we saw a number of House challengers garner attention not because of their ideological positions but because they had the potential to improve the representation of various minority groups in Congress. The 2019-2020 Congress was the most racially and ethnically diverse of all time, with 116 of the 435 lawmakers belonging to a minority group,⁷⁰ including new members like Deb Haaland (Native American), Sharice Davids (Native American), Rashida Tlaib (Palestinian, also Muslim), Ilhan Omar (black, also Muslim), and Alexandria Ocasio-Cortez (Hispanic/Latinx).⁷¹ Meanwhile, Republican gains in the House in the

⁶⁹ Constance Grady, "The Bizarrely Aggressive Rhetoric of Trump's Fundraising Emails, Explained," *Vox*, October 1, 2020, <https://www.vox.com/culture/21440412/trump-emails-campaign-fundraising-rhetoric-explained>.

⁷⁰ Kristen Bialik, "For the fifth time in a row, the new Congress is the most racially and ethnically diverse ever," *Pew Research Fact-Tank*, February 8, 2019, <https://www.pewresearch.org/fact-tank/2019/02/08/for-the-fifth-time-in-a-row-the-new-congress-is-the-most-racially-and-ethnically-diverse-ever/>.

⁷¹ Li Zhou, "It's official: a record-breaking number of women have won seats in Congress," *Vox*, November 7, 2018, <https://www.vox.com/policy-and-politics/2018/11/7/18024742/midterm-results-record-women-win>.

2020 cycle primarily came from female candidates, as the number of G.O.P. women in the House nearly tripled from 13 to 36, just from races called by November 13th.⁷² While much of this improvement can likely be attributed to improvements in recruiting a more diverse slate of candidates, adding 23 new Republican women in one electoral cycle suggests that female candidates might have held electoral or fundraising advantages over similarly-qualified men in either the primary or the general election.

It's unclear if women have either an advantage or disadvantage in elections: A 2015 study by Cecilia Hyunjung Mo found that, "even after controlling for explicit preferences, those with implicit attitudes against female candidates are less likely to vote for the female candidate,"⁷³ though in that same study, she found that when presented with a choice between strong male and female candidates, individuals chose the female candidate 56% of the time.⁷⁴ These two findings are not necessarily mutually exclusive; if a subset of the population holds implicit biases against female candidates, a larger subset may have implicit biases towards female candidates. Such favoritism would likely present itself most in fundraising from small donations, which is much more reliant on specific enthusiasm, though it would of course directly impact election results themselves.

More-experienced challengers should also be more likely to attract donations of any sort, as they are also more likely to win – individuals who have held elected office have, in most situations, already run successful campaigns and demonstrated their ability to attract support.

⁷² Danielle Kurtzleben, "How A Record Number Of Republican Women Got Elected To Congress," *NPR*, November 13, 2020, <https://www.npr.org/2020/11/13/934249216/how-a-record-number-of-republican-women-got-elected-to-congress>.

⁷³ Cecilia Hyunjung Mo, "The Consequences of Explicit and Implicit Gender Attitudes and Candidate Quality in the Calculations of Voters," *Political Behavior* 37, no. 2 (June 2015): 378.

⁷⁴ *Ibid*, 369.

David Lublin studied the impact of different levels of past office on vote share, and found that House incumbents on average get 7% less of the vote when their opponent is a former U.S. Representative, vs. 5% for a Governor, Senator, or, surprisingly, lesser state officials, and 1% for a state legislator.⁷⁵ One might expect a higher share for a Governor or a Senator, since those positions are more prestigious than U.S. Representative, but it's also possible the difference is mostly due to noise. Either way, the “quality” or past experience (since it is difficult to empirically create a list of high-quality candidates) of a candidate should have an important impact on both fundraising and outcome measures.

The Relationship Between Money and Electoral Outcomes

With the dramatic rise in campaign spending in recent cycles, we once again have to consider the question of whether fundraising and spending is correlated with, or has an effect on, electoral outcome. An assessment of many recent races suggests that it shouldn't: As Richard Hasen notes, Meg Whitman spent \$140 million against Jerry Brown in 2010 and lost that California gubernatorial election, while Dave Brat defeated Eric Cantor in a primary even though “Cantor's campaign spent more at steakhouses than his more conservative opponent spent on his entire campaign.”⁷⁶ Ultimately he claims it is just a “crass common liberal refrain that money simply buys elections,”⁷⁷ an idea that seems to have applicability to the 2020 federal cycle. Jaime Harrison raised over \$100 million by the end of the third quarter, \$35 million more than Lindsey Graham, and lost by 10 points.⁷⁸ Theresa Greenfield raised twice as much as incumbent Joni

⁷⁵ David Ian Lublin, “Quality, Not Quantity: Strategic Politicians in U.S. Senate Elections, 1952-1990,” *The Journal of Politics* 56, no. 1 (February 1994): 232.

⁷⁶ Hasen, *Plutocrats United*, 12.

⁷⁷ Ibid.

⁷⁸ “Large Versus Small Individual Donations” (web page), *OpenSecrets.org*.

Ernst, and lost as well.⁷⁹ But Amy McGrath likely topped it by losing to Mitch McConnell by 20 points,⁸⁰ worse than Alison Grimes did in 2014,⁸¹ despite raising \$88 million by September. Some of this can be ascribed to broader factors – as Adam Bonica notes, “outcomes in the general election are primarily a function of district-partisanship, and to a lesser extent, national partisan moods.”⁸²

However, money and spending should matter: First, candidates who inspire more support should receive more in donations, though they should specifically have a larger number of donors. The total amount raised can be more dependent on the size of specific donations. For example, a candidate who does well with \$5,000 donors but not \$500 donors can receive more money than a candidate with the converse, and the same can be done at the small donor level with \$100 and \$10. Of course, the real picture is more complex than this basic counterexample, but if the number of unique donors is sufficiently close, size of donations will matter.

The second reason why money and spending should correlate with electoral outcome relates more to the latter subject. By spending, a candidate is able to further “speak” and advertise who they are, what their political positions are, and why they should be elected. The more a candidate spends on organizing and advertising, the more they are able to amplify their message, and the more voters they are able to reach with that message. Of course, money only gets a candidate so far if they do not use it properly or voters tire from a bombardment of advertisements (with the negative connotation of trying to “buy” an election to boot). Though

⁷⁹ Ibid.

⁸⁰ Scott Jennings, “Face it pundits, Mitch McConnell is Kentucky’s most popular politician in modern history,” *Courier-Journal*, November 6, 2020, <https://www.courier-journal.com/story/opinion/2020/11/06/mitch-mcconnells-2020-senate-race-proves-his-popularity-kentucky/6187147002/>.

⁸¹ “Kentucky Election Results,” *New York Times*, December 17, 2014, <https://www.nytimes.com/elections/2014/kentucky-elections>.

⁸² Adam Bonica, “Professional Networks, Early Fundraising, and Electoral Success” (December 28, 2016): 1. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2891145.

she may have been trying to dispel the notion that House Democrats lost seats due to attitudes about the Progressive movement, Alexandria Ocasio Cortez stated “Conor Lamb spent \$2,000 on Facebook the week before the election....The fact of the matter is if you’re not spending \$200,000 on Facebook with fund-raising, persuasion, volunteer recruitment, get-out-the-vote the week before the election, you are not firing on all cylinders.”⁸³

On the other hand, the highly negative 2020 Senate race in Maine has led some voters to make statements to the *New York Times* like “the approach on the ads and campaigning was disgusting enough that I didn’t want to vote for the person anymore” and “to think that kind of money was spent is kind of like a slap in the face of America.”⁸⁴ The former Maine head of Obama’s campaign claims that with the amount of money available “this race got out of control” and that “if this race is \$30 million from both sides, you’re in a better place.”⁸⁵ There is also some evidence that ads themselves have just a marginal impact, if any at all. In 2006, Rick Perry was virtually assured victory in the Texas gubernatorial race, and his campaign ran a field experiment by running ads in randomly-chosen markets and tracking the polling results. Any bump from advertising disappeared within a week of when the ads stopped running.⁸⁷

It is also possible to spend loads of money without attempting to convince voters: By September of 2020, the Trump campaign had spent \$350 million on raising additional funds,

⁸³ Astead W. Herndon, “Alexandria Ocasio-Cortez on Biden’s Win, House Losses, and What’s Next for the Left,” *New York Times*, November 16, 2020. <https://www.nytimes.com/2020/11/07/us/politics/aoc-biden-progressives.html>.

⁸⁴ Ellen Barry, “The Democrats Went All Out Against Susan Collins. Rural Maine Grimaced,” *New York Times*, November 17, 2020, <https://www.nytimes.com/2020/11/17/us/maine-susan-collins.html>.

⁸⁵ About \$90 million was spent in the race, with \$60 million from Sara Gideon and \$30 million from incumbent Senator Susan Collins. Center for Responsive Politics, “2020 Maine Senate Race,” *OpenSecrets.org*, <https://www.opensecrets.org/races/summary?cycle=2020&id=MES2>.

⁸⁶ *Ibid.*

⁸⁷ Maggie Koreth, “How Money Affects Elections,” *FiveThirtyEight*, September 10, 2018, <https://fivethirtyeight.com/features/money-and-elections-a-complicated-love-story/>.

nearly half of its \$800 million in expenditures up to that point.⁸⁸ Such a focus on spending money to make money clouds any connection between fundraising and natural support, as well as on money and results, since there is unusual extra effort towards fundraising, and that also takes away funds usually used to persuade voters.

Despite the examples to the contrary, the candidate who raises the most money wins about 80% of Senate races and 90% of House races.⁸⁹ Part of the reason the connection is so strong is money following winners in non-competitive or unopposed races; *FiveThirtyEight*'s Maggie Koreth states that Bonica and Richard Lau agree that “the strong raw association between raising the most cash and winning probably has more to do with big donors who can tell...that one candidate is more likely to win – and then they give that person all their money.”⁹⁰ We’ve seen this already with corporate PAC donations, where 80-90% of that money follows election winners.⁹¹ But when less than 20% of House seats are really at odds an given year, a 90% win rate for the fundraising leader is still not that high.

The scholarly analysis of fundraising and vote share has found mixed results for correlation between the two. Economist Steven Levitt’s 1994 analysis of repeated candidate matchups in House races found that an extra \$100,000 in spending, a large amount at the time, leads to a gain of just under 0.33 percent in vote share, an amount too low to be statistically significant.⁹² A broader range of studies have found incumbent spending to be largely ineffective, particularly in the House, though higher levels of incumbent spending lead to greater

⁸⁸ Shane Goldmacher and Maggie Haberman, “How Trump’s Billion-Dollar Campaign Lost Its Cash Advantage,” *New York Times*, September 7, 2020, <https://www.nytimes.com/2020/09/07/us/politics/trump-election-campaign-fundraising.html>.

⁸⁹ Koreth, “How Money Affects Elections.”

⁹⁰ Koreth, “How Money Affects Elections.”

⁹¹ Bouton, Castanheira, and Drazen, “A Theory of Small Campaign Contributions,” 13.

⁹² Steven D. Levitt, “Using Repeat Challengers to Estimate the Effect of Campaign Spending on Election Outcomes in the U.S. House,” *Journal of Political Economy* 102, no. 4 (1994): 780.

success in Senate races.⁹³ Prior to Levitt's 1994 paper, many cross-sectional studies had found large returns on House challenger spending, though Levitt found a tenth of the return after controlling for candidate quality and district fixed effects.⁹⁴ Meanwhile, in a study of open-seat House races, Brad Alexander found significant results for the positive impact of PAC contributions, in-state contributions, and relative spending, and for the negative impact of being self-financed.⁹⁵

Even if the connection between money and success is mixed at best in general elections, there is better reason to believe money has an important impact on primary contests. In contested primaries, the candidate who raises the most money wins 79% of the time,⁹⁶ a figure lower than that for general elections but large considering there are fewer races where victory is more-or-less assured by district partisanship. And an OLS model developed by Adam Bonica to analyze the connection between fundraising and primary outcomes estimated that doubling a candidate's fundraising total leads to a 45 percent increase in vote share, with both figures scaled relative to the contest average.⁹⁷ Bonica attributes much of the connection to the importance of early fundraising in demonstrating the viability of a campaign – it's the reason why EMILY's List was created (it stands for Early Money is Like Yeast).⁹⁸ The DCCC has also heavily emphasized fundraising viability, with its 2006 chair, Rahm Emmanuel, stating “the first third of your

⁹³ Yasmin Dawood, “Campaign Finance and American Democracy,” *American Review of Political Science* (2015): 15, Available at SSRN: <https://ssrn.com/abstract=2528587>.

⁹⁴ Levitt, “Using Repeat Challengers to Estimate the Effect of Campaign Spending on Election Outcomes in the U.S. House,” 780.

⁹⁵ Using PAC contributions and in-state donations as a percentage of the total fundraising haul, not in absolute terms. Brad Alexander, “Good Money and Bad Money: Do Funding Sources Affect Electoral Outcomes?” *Political Research Quarterly* 58, no. 2 (2005): 355.

⁹⁶ Bonica, “Early Fundraising and Electoral Success,” 2.

⁹⁷ The adjustment is made to account for differing numbers of candidates in different races. Ibid, 23.

⁹⁸ Ibid, 12.

campaign is money, money, money. The second third is money, money, and press. And the last third is votes, press, and money.”⁹⁹

This early fundraising usually comes from the individuals closest to the candidate, which EMILY’s List calls the “Personal Circle”: family members and close friends or professional contacts.¹⁰⁰ Bonica argues this leads to the overrepresentation of lawyers¹⁰¹ and other wealthy professions in Congress, because “even the most compelling candidates will struggle to keep pace if their personal networks are devoid of anyone who fits the typical profile of a political donor.”¹⁰² Ultimately, he believes that “requiring that candidates report as a line item the number of unique donors giving to a campaign, regardless of donation size, alongside total receipts could help to better signal levels of support.”¹⁰³ However, this of course assumes that fundraising viability has a direct relationship with primary success, as opposed to better candidates attracting more early money or early money giving a candidate the opportunity to run a larger campaign. We do know that larger campaigns once again aren’t everything, as the effect of being self-funded is negative.¹⁰⁴

The other issue with the number of unique donors, and an issue that plagues the connection between fundraising and results, is that many of the individuals who fund a given campaign will live outside of that candidate’s district/state, and some candidates who do well with donors from other regions may not do as well with their own electorate – not to mention the attacks that can be levelled for being funded by “Wall Street,” “Hollywood elite,” or the Koch

⁹⁹ Lessig, *Republic, Lost*, 162.

¹⁰⁰ Bonica, “Early Fundraising and Electoral Success,” 12-13.

¹⁰¹ “Relative to the average citizen, lawyers are 54 times more likely to run for office and 99 times more likely to be elected.” Ibid, 10.

¹⁰² Ibid, 13-14.

¹⁰³ Ibid, 29.

¹⁰⁴ Ibid, 26.

brothers. The solution to issues like these ultimately rests in better understanding why individuals contribute to certain candidates and not others, but if donors are less likely to give to non-competitive candidates, we should expect those receiving significant funding to be competitive-enough candidates for their district.

Summary

If current trends hold, we should expect small donors to play an increasingly important role in funding campaigns, one that could be further magnified by Congressional legislation. The emergence of small donors as a viable “bucket” to draw from has the potential to make members of Congress less beholden to business groups and large individual contributors, both in terms of the constant need to fundraise and the pressure to provide desired legislative outcomes, but other strategies would need to take their place. If a candidate can raise \$10,000 from a brief video on Twitter, or \$100,000 from a weekly email blast, they can spend less time on the phone, but may differ their rhetoric and specific policy positions to cater to a different profile of individual. Increasing the share of contributions from small donations should increase the share that goes to challengers, and to more ideologically-extreme candidates, though the former is not problematic, perhaps unlike the latter.

Still, as small donations move more into the mainstream, and control of government has become more contentious, it is possible that donation patterns have changed somewhat. Partisan control of Congress could be more important than ideology in directing the flow of small donations, and donors might also prefer to support the candidates making Congress increasingly diverse. Of course, even if these factors significantly affect small donations, the impact of ideology may not have changed. And it’s clear that, as more money enters the system, a qualitative assessment would suggest the impact of that money is lessening and, in some cases,

may hurt those who spend too much of it, though it is still possible that a sum of small donations or any sum of individual donors is a strong indicator of enthusiasm for a candidate. Many of these questions can be answered with available data, though work done without surveying the donors themselves will still leave actual causes and motivations unclear.

In the next chapter, I will discuss the relationship between ideology and a candidate's receipt of small donations, establishing that candidates who have more-extreme CFscores receive significantly more in small donations than their peers. I will also discuss trends in small donations over time, and examine the possible impact of campaign strategy on fundraising performance.

Appendix to Chapter 1: DIME/CFscores

A common element of Adam Bonica's work, and other recent studies in campaign finance, are CF-scores, also known as DIME scores, from the Database on Ideology, Money in Politics, and Elections (DIME).¹⁰⁵ Unlike DW-nominate scores, which are based on roll-call votes, these scores are calculated based on clustering of contributors, with DW-nominate scores as a foundational basis. Bonica views the issue of giving as an allocation problem, where a contributor attempts to maximize a utility function across the set of all eligible recipients.¹⁰⁶ The primary advantage of CF-scores is the ability to calculate an ideology estimate for more candidates than those who are current or past members of Congress (those who have a history of

¹⁰⁵ <https://data.stanford.edu/dime>.

¹⁰⁶ Adam Bonica, "Mapping the Ideological Marketplace" (2014): 2-3. https://web.stanford.edu/~bonica/papers/bonica_ajps_mimp_2014.pdf.

roll-call votes). However, they still correlate well with DW-nominate scores and have some unique advantages.

On a basic level, CF-scores are very similar to DW-nominate scores: For data going back to 1980, Democrat scores tend to run between -2 and 1, while Republican scores run between -1 and 2, though in 2018, a clear divide existed between the two parties in fundraising scores. I show this in Figures A.1 and A.2 below. The sets of scores also operate on slightly different scales, but ultimately we get a strong linear relationship between them, with a change of 1 point in contributor CF-score corresponding to a change of approximately 0.43 points in DW-nominate score, and a coefficient of determination (R^2) of 0.83, suggesting that 83% of change in CF-score could be explained by the variation in DW-nominate score.

This result should not be surprising due to issue constraint, the correlation between preferences across issues. For example, as Keith Poole noted in 2005, “in contemporary American politics the knowledge that a politician opposes raising the minimum wage makes it virtually certain that she opposes universal health care, opposes affirmative action, ... In short, that she is a *conservative* and almost certainly a Republican.”¹⁰⁷ Based on a politician’s party identification and their stance on one or two specific issues, a donor can then guess the remaining issue positions of a candidate, which would then reflect itself in an eventual Nominate score (for those who win). While they may be different from the typical political donor, many ideologically-focused PACs demonstrate how donations can be used to discern ideological differences between members of the same party. On the Republican side, we should expect a candidate supported by the Council for Citizens Against Government Waste to be more

¹⁰⁷ Adam Bonica, “Inferring Roll Call Scores from Campaign Contributions Using Supervised Machine Learning,” (August 15, 2017), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2732913: 3.

conservative than a candidate funded by the Main Street PAC¹⁰⁸, named for a more moderate faction of the party. On the Democratic side, candidates supported by the Blue Dog Democrats will be more moderate, and (due to issue constraint) we might expect the same for anyone accepting money from the NRA.

An important aspect of Nominate scores that is often ignored is how issues that come up for votes more often end up affecting scores more than issues that come up once or never.¹⁰⁹ Due to issue constraint, the correlation of political preferences across issues, we should not expect that to impact scores too much, but CF-scores have an advantage in reflecting issues more prominent in campaign rhetoric than in the halls of Congress. As Bonica notes, issues like abortion and the rights of same-sex couples “feature prominently in campaign rhetoric and are a frequent subject of ballot initiatives” but “in any given Congress it is rare to see more than a dozen roll call votes” on those specific issues.¹¹⁰ However, without knowledge of the predictive space (the original issue positions) and the weights given to specific issues, it’s difficult to make a direct comparison between measures of ideology.¹¹¹ The CF-scores also perform well as a predictive measure; however, as Bonica was able to use fundraising information in a machine learning model to predict future DW-nominate scores just as accurately as Nokken-Poole estimates, which use roll call votes from a legislator’s first two-year Congressional term.¹¹² In addition, CFscores are considered significant, even when controlling for party, when used to model responses to a set of 19 CCES policy items.¹¹³ Similarly, in a separate paper Bonica also found that CF-scores predict roll call votes at a rate just 1% worse (0.928 vs. 0.938) than DW-

¹⁰⁸ Ibid, 19-21.

¹⁰⁹ Ibid, 4.

¹¹⁰ Ibid, 8.

¹¹¹ Ibid, 5.

¹¹² Ibid, 15.

¹¹³ Ibid, 26.

nominate scores (which are already pulled from those same roll call votes), though using party ID alone led to 91.8% accuracy.¹¹⁴

Figure 1a: DW-Nominate vs. CFscores, 1980-2018

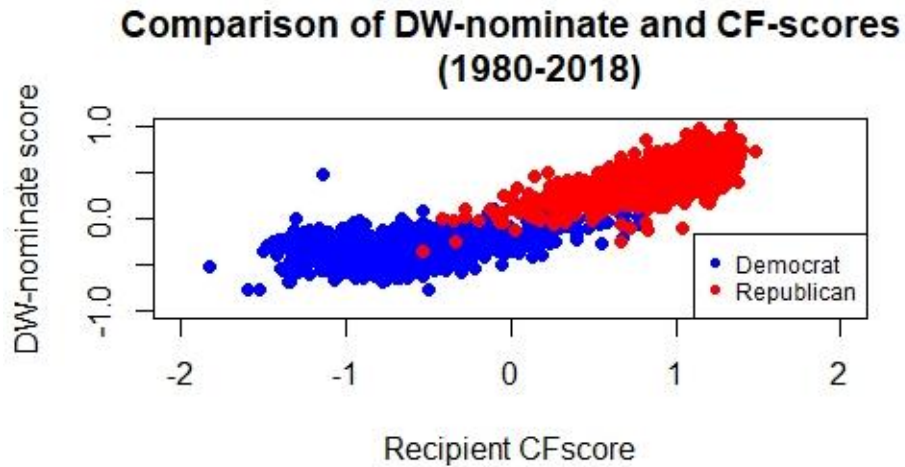
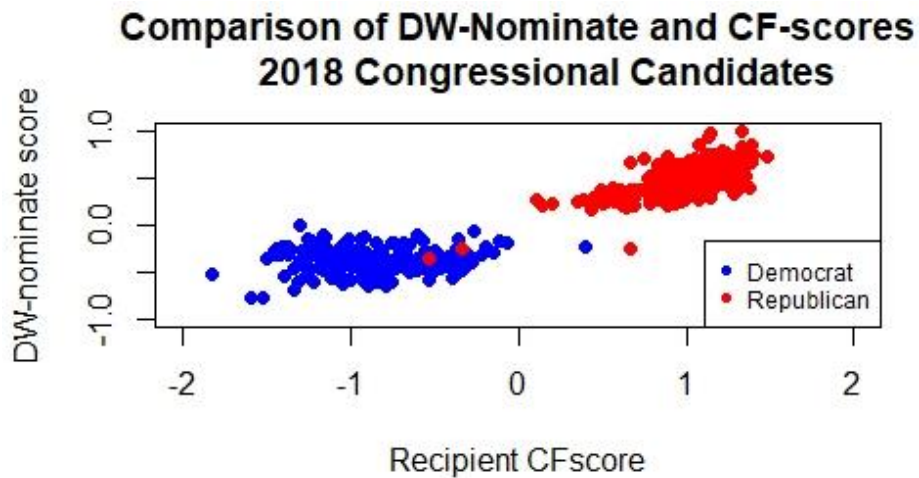


Figure 1b: DW-Nominate vs. CFscores, 2018



¹¹⁴ Adam Bonica, "Are Donation-Based Measures of Ideology Valid Predictors of Individual-Level Policy Preferences?" (July 18, 2018), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3087782: 6.

Chapter 2: The Factors Influencing Small Donations

Small donations are primed to play a substantial role in the 2022 or 2024 federal campaign cycles, though the level of their importance heavily depends on the legislative outcome of the public financing provisions of H.R. 1, the For the People Act. H.R. 1 was passed originally by the House of Representatives in 2019, and was passed again in March 2021.¹¹⁵ Under Title V of the Act, candidates can receive \$6 in public funds for every dollar they receive in small campaign contributions,¹¹⁶ with two major stipulations: First, candidates cannot receive more than \$1,000 from any individual donor, and second, candidates must refund any contributions that exceed the \$200 “small donor” cap if they used funding from the specific donor to receive public matching.¹¹⁷ Importantly, there is no language restricting the matching funds to donations from the same state or district as the candidate, allowing larger donors to behave more strategically by spreading money across more candidates, but also allowing small donors to play a significant role in races in which they cannot vote. The 2019 draft of H.R. 1 also includes a three-state¹¹⁸ pilot program for \$25 campaign finance vouchers to be distributed to all voting-age residents who are not otherwise ineligible to make campaign contributions.¹¹⁹

Money isn’t everything; sometimes it won’t make a difference, and other times it won’t be needed. Michael Bloomberg ultimately won just 44 delegates in his quest to be the

¹¹⁵ Alayna Treene, “What to Expect from the New Congress,” *Axios*, January 3, 2021, <https://www.axios.com/117th-congress-legislation-georgia-5cdc9a4f-357c-4054-8212-fb5d85c4e9c2.html>.

¹¹⁶ Again, small contributions are aggregate donations of under \$200; i.e., if an individual makes 201 \$1 donations to the same candidate, none of them count towards a candidate’s total of small donations.

¹¹⁷ U.S. Congress, House, HR 1, 116th Cong., 1st sess., introduced in House January 3, 2019, <https://www.congress.gov/bill/116th-congress/house-bill/1/text#toc-H168FC62648F344F9B33DB9D8EC613780>.

¹¹⁸ States will be chosen by Congress and are not stipulated in the bill

¹¹⁹ Not the same as those ineligible to vote. For example, convicted felons stripped of the right to vote and green card holders can contribute, though foreign nationals cannot. Minors can also contribute, if they are not doing so at the behest of their parents, though they wouldn’t participate in the program. U.S. Congress, House, HR 1, 116th Cong.

Democratic nominee for President in 2020,¹²⁰ while Dave Brat successfully primaried House Majority Leader Eric Cantor despite spending just \$206,000 in 2014.¹²¹ However, if fundraising, or small donations more specifically, has a positive impact on electoral success, then increases in the share of small donations in campaign finance will cause Congress to have more politicians who better attract small donations. Understanding who is more likely to benefit from increased small donations can help predict possible consequences of H.R. 1, or from any increase in the share of small donations in campaign finance.

Small donations have been shown to go towards more ideologically-extreme candidates when compared to their “large” counterparts. In a 2019 study of small donations in 2006-2010 U.S. House elections, Tyler Culberson, Michael McDonald, and Suzanne Robbins found that the most ideologically extreme incumbents raised \$306,557 more than the most moderate incumbents.¹²² Such a finding fits with the profile of the “typical” political donor. While most of the 30 largest donors have CFscores¹²³ more-moderate than the party averages,¹²⁴ the distribution of all donors against self-described ideology is bimodal.¹²⁵ Meanwhile, both Republican¹²⁶ and

¹²⁰ “Primaries and Caucuses,” *CNN*, accessed February 1, 2021. <https://www.cnn.com/election/2020/primaries-and-caucuses>.

¹²¹ Richard Hasen, *Plutocrats United: Campaign Money, the Supreme Court, and the Distortion of American Elections* (New Haven: Yale University Press, 2016): 41.

¹²² Tyler Culberson, Michael P. McDonald, and Suzanne M. Robbins, “Small Donors in Congressional Elections,” *American Politics Research* 47, no. 5 (2019): 984.

¹²³ CFscores are based on clustering contributors, with DW-nominate scores as a foundational basis. Individual donors can be assigned ideology scores based on the known ideologies of candidates they donate to, then scores can be assigned for all candidates based on a weighted average of contributors. In addition to giving a score to candidates who do not have a record of roll call votes, CFscores are able to reflect candidate positions on issues that are not regularly voted on in Congress but come up frequently in campaigns, like abortion, same-sex marriage, or Medicare for All.

¹²⁴ Adam Bonica, Nolan McCarty, Keith T. Poole, and Howard Rosenthal, “Why Hasn’t Democracy Slowed Rising Inequality?” *Journal of Economic Perspectives*, 27 no. 3 (Summer 2013): 115.

¹²⁵ The distribution of registered voters, meanwhile, is a bell curve. Raymond J. La Raja and Brian F. Schaffner, “The Ideological Wellsprings of Campaign Money,” In *Campaign Finance and Political Polarization: When Purists Prevail* (Ann Arbor: University of Michigan Press, 2015): 46.

¹²⁶ Seth J. Hill and Gregory A. Huber, “Representativeness and Motivations of the Contemporary Donorate: Results from Merged Survey and Administrative Records,” *Political Behavior* 39 (2017): 18-21.

Democratic donors¹²⁷ are more likely to contribute to candidates if they view the opposing party as more extreme or unfavorable. Not only are more-extreme individuals more likely to contribute, but they weight a candidate's ideology more heavily than possible access or party control of government when deciding to donate.¹²⁸ This is further corroborated by the relationship between business interests and election winners. 80-90% of corporate PAC money goes to those election winners, compared to 48-55% of small donations,¹²⁹ and, as a partial consequence, challengers raise 21% of their campaign cash from small donors compared to 7% for incumbents.¹³⁰ The egalitarian spread of small donations compared to the concentration of corporate money must be caused by differing motivations amongst donors. Expanding the impact of existing small donations may then be less healthy for our political system than encouraging new, more moderate donors to give to candidates, such as through H.R. 1's proposed voucher program.

There are also benefits to increasing the role of small donations in campaign finance. Under our current campaign finance system, former Representatives have been candid with quotes like "money changed votes."¹³¹ Even when money is not exchanged with the implication of support on a specific issue, politicians hear more about issues faced by the wealthy and specific interest groups when raising money from lobbyists and through "call time." Members of Congress spend anywhere from 30-70 percent of their time fundraising,¹³² something Rodney

¹²⁷ Richard H. Pildes, "Participation and Polarization," *University of Pennsylvania Journal of Constitutional Law* 22, no. 2 (2020): 386.

¹²⁸ Pildes, "Participation and Polarization," 384.

¹²⁹ Laurent Bouton, Micael Castanheira, and Allan Drazen, "A Theory of Small Campaign Contributions," NBER Working Paper 24413, National Bureau of Economic Research, Cambridge, MA: 13.

¹³⁰ Pildes, "Participation and Polarization," 978.

¹³¹ Joe Scarborough, from: Lawrence Lessig, *Republic, Lost*. (New York: Hachette Book Group, 2015): 133.

¹³² *Ibid*, 138-139.

Alexander called “not fair for the member, not fair for constituency.”¹³³ Ultimately, a member of Congress is not going to spend half an hour on the phone with a \$100 donor, but they are likely to spend that much time, or longer, with a lobbyist or max donor. One person and their spouse can give over \$10,000 to a candidate for an election cycle, while a lobbyist can “bundle”¹³⁴ contributions from multiple sources. Members of Congress and other candidates who take advantage of public matching would not have the same need to get on the phone and may be encouraged to cater more towards their larger base of supporters than to large donors and special interests. At the bare minimum, a public funding system can work to undermine the charge that special interests drive legislative and executive policy. Concerns can of course be raised about the profiles of smaller donors, but when compared to the 15,810 people who accounted for half of all contributions in 2016, the issues they face should be more representative of those faced by the average American.¹³⁵

Study, Data, and Methodology

The analysis in this chapter will focus on the connection between several candidate and electoral factors and small donations received. The particular interest is candidate ideology, but because donations can also be influenced by candidate factors like gender and experience, or district factors like competitiveness and income, their relationships can also be quantified by a multivariate model in which they are included as controlling factors.¹³⁶ I also control for the amount a candidate receives in large donations, as a proxy for candidate popularity, since those

¹³³ Andy Kroll, “Retiring GOP Congressman: Fundraising is the “Main Business” of Congress,” *Mother Jones*, August 8, 2013, <https://www.motherjones.com/politics/2013/08/retiring-rodney-alexander-congressman-fundraising-congress/>.

¹³⁴ The practice of collecting donations from many individuals, usually all members of the same company or interest group, and presenting them together.

¹³⁵ Pildes, “Participation and Polarization,” 358.

¹³⁶ Race may also have an important impact on how candidates are viewed, but I was unable to acquire racial data for Congressional candidates.

candidates should receive larger dollar amounts of both large and small donations, whether due to specific charismatic qualities or the nature of their race. The relationship between these variables will be explained by a linear model run in R software.

Data on fundraising was acquired from the Federal Election Commission's candidate summary files,¹³⁷ one of which is available for each election cycle. The FEC also publishes election results in separate files for House and Senate elections, for both primary and general elections. This study focuses on general elections, though donations large and small may have a larger impact in the primary cycle, when candidates attempt to show viability, establish name recognition, and turn out the vote – all issues that are lessened in a longer campaign that ends on Election Day.

Most other data, including candidate ideology scores (DW-Nominate and CFscores), were acquired from Adam Bonica's Database on Ideology, Money in Politics, and Elections (DIME). Candidates in the DIME dataset can be matched to their fundraising and election results in FEC data through the use of their candidate IDs, 9-digit alphanumeric codes that begin with "H" or "S" depending on the office, and whose 3rd and 4th letters are the state postal code. I am also using Bonica's dataset for candidate gender and Democratic Presidential vote share, a proxy for district partisanship. The dataset includes election results, though not for 2018, and incumbency status, though there appear to be some errors where challengers (running against incumbents) are sometimes labeled as running for open seats, and vice versa.

I have coded candidates as challengers or as running for an open seat using the Jacobson-Carson Codebook, which also indicates whether candidates have previously run for elected

¹³⁷ <https://www.fec.gov/data/browse-data/?tab=bulk-data>.

office, which is a common measure of candidate quality. A more specific coding of the highest office held by a candidate would be useful, though it is not available for this study. In a study by David Lublin, former U.S. Representatives, Governors, and lesser state officials on average received at least 5% more of the vote, compared to 1% more for state legislators, in comparison to inexperienced candidates.¹³⁸

Median district income was acquired from Adam Isacson's data on the 116th Congress.¹³⁹ I will be using the 2018 income data for 2016, 2018, and 2020, as the economic health of a region is likely not to have changed significantly in either two-year gap. Even though donors can contribute to federal candidates from any state, we should still expect donors to show a degree of favoritism towards local candidates, who might be more liked and better-known. As such, candidates from wealthier districts should receive more large and small donations than candidates from poorer districts.

Some factors cannot be controlled for in the model. A candidate can seek small donations as part of their political strategy. Small donations can be acquired for “free” (simply from existing supporters seeking to contribute through a candidate's website, or as a consequence of cost-lite measures like email blasts), but they can also be encouraged by digital advertisements, promotional materials, and media appearances, all of which come at the expense of either money or time. Using data on digital advertising would help account for strategy differences, though such data are limited in scope (and can only be used for partial tests; I explore such data later in Chapter 2 and again in Chapter 3).

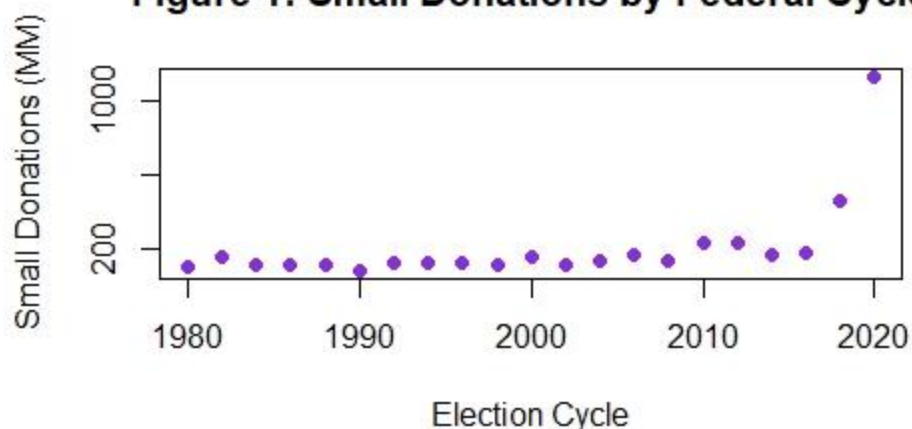
¹³⁸ David Ian Lublin, “Quality, Not Quantity: Strategic Politicians in U.S. Senate Elections, 1952-1990,” *The Journal of Politics* 56, no. 1 (February 1994): 232.

¹³⁹ Isacson works at the Washington Office on Latin America. Data is available at: <https://adamisacson.com/116th-congress-spreadsheet/>.

The linear models in this chapter and Chapter 3 use R's `lm()` function, which uses the ordinary least squares method of linear regression analysis. The multiple linear regression predicts the dependent variable (in this chapter, that will generally be total small donations) as a combination of linear functions of each independent variable or control. Regression aims to minimize the difference between the actual and expected values of the dependent variable for each set of independent variable inputs. Ordinary least squares (OLS) will find the minimum sum of squares of the difference between those actual and expected values, rather than minimizing just the sum of the direct difference between values.

Results and Analysis

Using data from the DIME database and FEC data, Figure 1 displays trends in small contributions since 1980, the first election cycle for which Bonica displays data. Despite disclosure requirements not changing in that timespan, small donations gradually crept upwards from 1980 to 2016, though there was no direct trend, with the 1982 “peak” in donations remaining unmatched until 2006. The level of donations may indicate a certain amount of interest in an election cycle, given the motivations and partisanship of most small donors, but economic changes do not appear to have had a major impact on the number of dollars spent. It's possible that this consistency in the total amount of small donations comes from decreases in the total number of small donors that would come from some donors moving over the cap from one cycle to another then being “cancelled out” by other, smaller donors increasing their still-small donations.

Figure 1: Small Donations by Federal Cycle

Data for 2018 and 2020 acquired from the FEC.

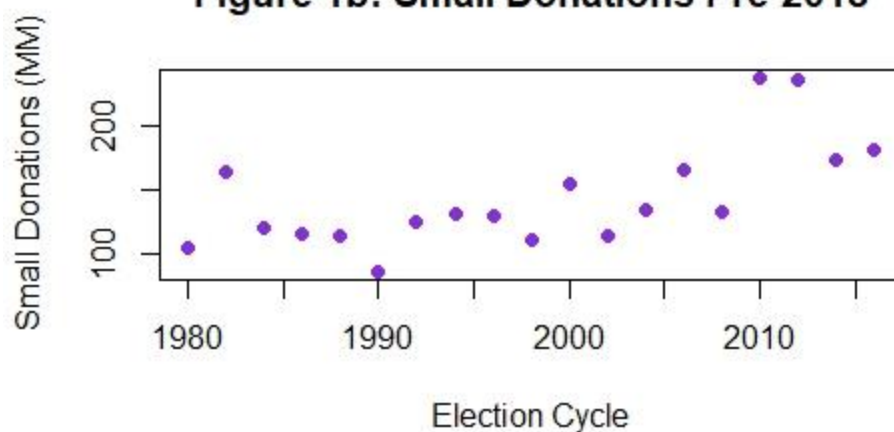
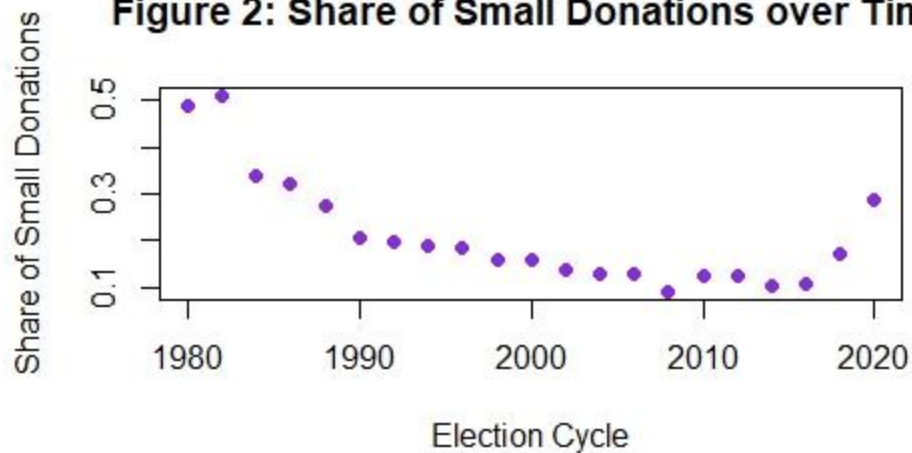
Figure 1b: Small Donations Pre-2018

Figure 1, but with 2018 and 2020 omitted, to better show cycle-to-cycle fluctuation

Figure 2: Share of Small Donations over Time

Small donations as a proportion of total receipts across all Congressional candidates

It may be more helpful, though, to examine the share of small donations in election cycles, as there exist longer-term trends on increases in campaign spending.¹⁴⁰ Figure 2 demonstrates that the proportion of small donations as a share of total funding, not just individual contributions, of federal campaigns decreased from 1980 to 2008, but has risen sharply in the two most recent cycles. Ultimately, the causes behind the increase in other forms of contributions over time and the sudden shift against small contributions in the mid-1980s are beyond the scope of this paper, but only now is the increase in small donations outpacing corresponding increases in other contributions.

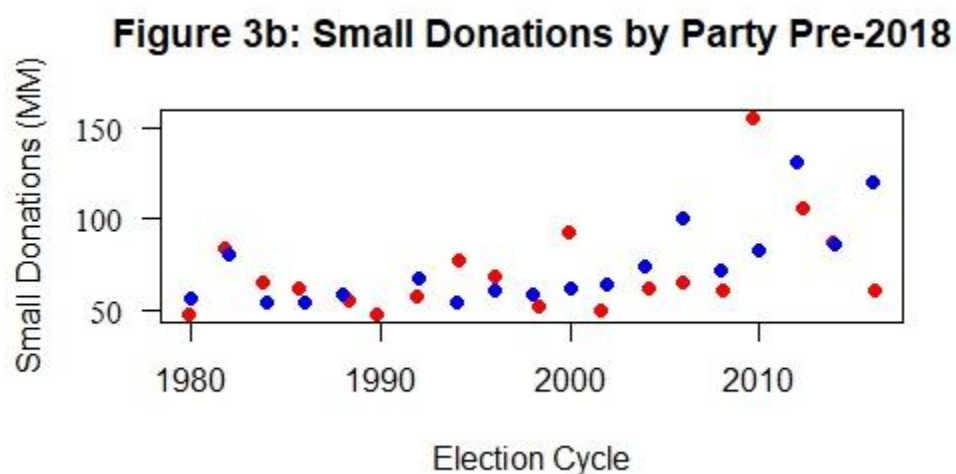
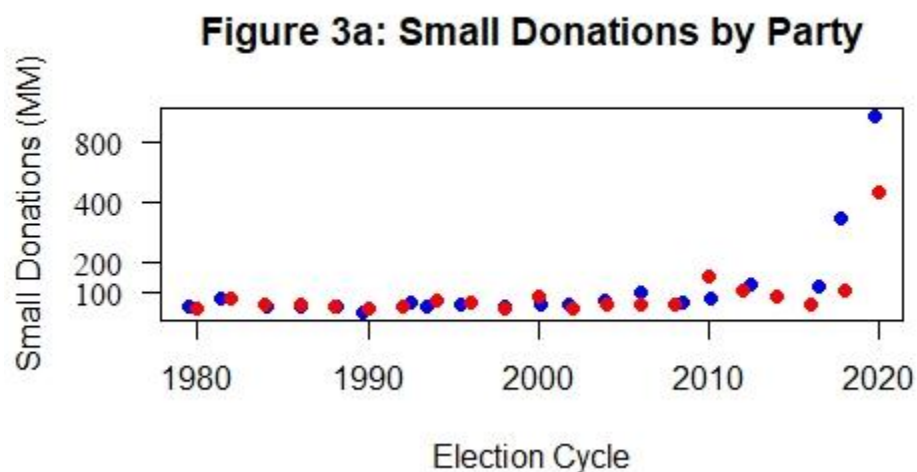
The substantial changes in small donations in the 2018 and 2020 cycles are likely related to the increasing prominence of the online fundraising platforms ActBlue and WinRed. On these sites, candidates create accounts and donation forms, and individuals are then able to access those online forms to contribute using electronic payment methods like credit cards. The sites then pass on the money to the candidate (as an individual contribution, they are not PACs) and report the contribution to the FEC. ActBlue has been registered with the FEC since 2004, but in 2016 it processed just \$679 million in donations compared to \$1.2 billion in 2018 and an astounding \$4 billion in 2020,¹⁴¹ albeit a year with a very crowded Democratic Presidential field. WinRed, meanwhile, processed \$1.8 billion in 2020, its first election cycle.¹⁴² While online platforms make contributing to a candidate easier, it's unlikely that ease of access is entirely responsible for this shift. Candidates may have become better at leveraging digital advertising and social media to encourage online donations, and it's possible that the Trump presidency has

¹⁴⁰ "2020 election to cost \$14 billion, blowing away spending records," *OpenSecrets.org*, October 28, 2020, <https://www.opensecrets.org/news/2020/10/cost-of-2020-election-14billion-update>.

¹⁴¹ "ACTBLUE," Federal Election Commission, accessed February 1, 2021, <https://www.fec.gov/data/committee/C00401224/?cycle=2020>.

¹⁴² "WINRED," *Federal Election Commission*, accessed February 1, 2021, <https://www.fec.gov/data/committee/C00694323/>.

fueled a level of voter interest and partisan animosity not present during or prior to his 2016 election.



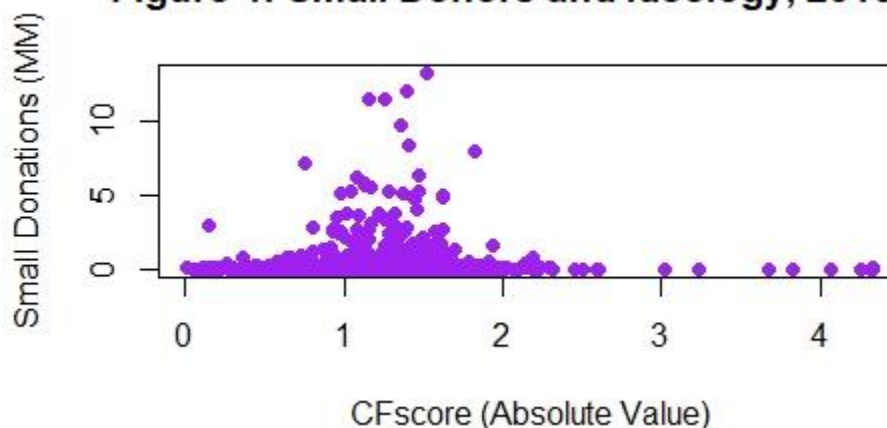
2018 and 2020 again omitted to better display prior years. Democratic and Republican figures for 2014 are heavily overlapping.

Figure 3 breaks out the totals by party. Since 2002, Democrats have consistently outpaced their Republican rivals in generating small donations, though the Republican haul of \$155 million in 2010 was the highest total for either party prior to 2018’s wave election. Most importantly, neither party held a significant year-to-year advantage prior to 2016. Democrats won a “wave election” in 2018 with a small donation fundraising gap of nearly \$250 million.

That gap was roughly the same \$250 million in 2020, but the increases in both totals meant Republicans did comparatively better in 2020 by raising 63% of the Democratic total compared to a pitiful 31% in 2018. Of course, Democrats did not do as well electorally with a smaller advantage in 2016. Still, it would be difficult to refute the premise that partisan enthusiasm, perhaps facilitated by campaigns and online platforms, drove the recent outliers in 2010 and 2018-2020.

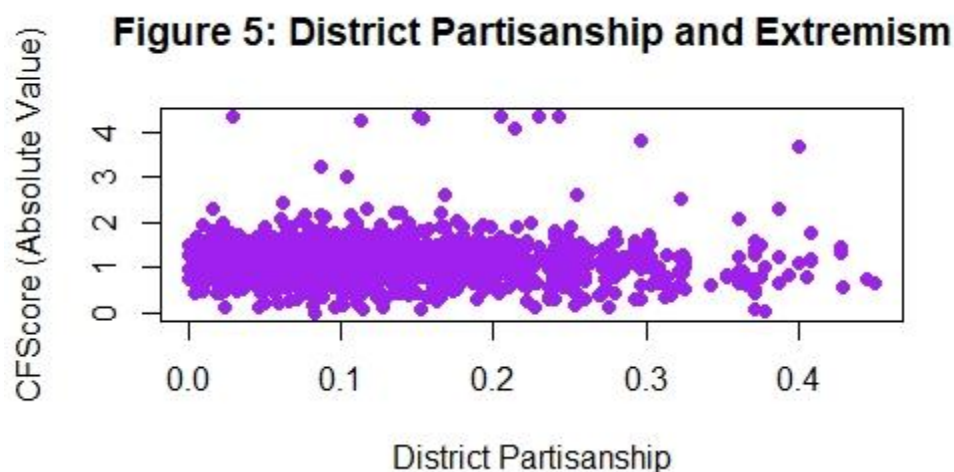
Variable Relationships and Model Results

Figure 4: Small Donors and Ideology, 2016-18



Both U.S. House and Senate candidates included.

Figure 4 graphs ideology and small donations for 2016 and 2018. The results do not indicate a linear relationship between the two variables, as fundraising totals follow more of a “bell curve.” None of the high fund-raising totals are from candidates with a CFscore greater than 2. More broadly, this demonstrates how large totals of small donations tend to come from outliers who raise significantly more than their peers. 18 candidates (of 1,597) in the data set raised over \$5 million from small donors, 14 of them in 2018, and raised a combined total of \$137 million from small donations, 28% of the total for all the candidates.



2016-2018. District partisanship calculated from the difference between Democratic and Republican shares of the two-party vote (third-party votes excluded) in the 2016 Presidential election. Both House and Senate candidates included.

It is possible that less partisan districts, which should attract more competitive races and encourage donors to spend, also have more moderate nominees who can be more “competitive” and better appeal to swing voters or the opposing party. This would suggest a positive relationship between district partisanship and candidate ideology. As Figure 5 shows, though, for general election candidates in 2016 and 2018, such a relationship is not readily apparent. As always there are very few candidates with CFscores above 2, but more of them come from competitive districts than from safe seats. Indeed, we find a negative relationship, suggesting that increased district partisanship leads to less extreme candidates. The correlation is statistically significant, but a near-zero R-squared value of 0.02 suggests the substantive effect is very small.

Modeling a direct linear relationship between unitemized donation totals,¹⁴³ those under \$200, and candidate extremism from 1980-2018, with the latter variable measured as the absolute value of CFscore, gives a highly significant relationship with a p-value of less than

¹⁴³ Aggregate donations of under \$200 by one individual to one candidate are not reported individually to the FEC and are thus unitemized. This is also the threshold usually used to determine what is a “small” donation.

0.001 and a coefficient of 19,330, meaning a candidate with a CFscore of 1 or -1 will on average receive \$19,330 more in small donations than a candidate with a CFscore of 0. The R-squared value for this relationship, however, is less than 0.001, suggesting that the variation in small donations remains unexplained.

Much of this issue comes from the changing levels of small donations over time. When \$120 million in small donations is split across several thousand candidates, many candidates, including primary winners, can report only a few thousand dollars in unitemized totals. Meanwhile, Beto O'Rourke reported over \$30 million in small donations in 2018. The correlation between the small donation totals and CFscores can be attributed to the gradual disappearance of candidates with CFscores close to 0,¹⁴⁴ and the gradual rise in small donations. Ultimately, even removing the outlying 2018 data and analyzing candidates with a minimum of \$10,000 raised from small donations does not strengthen the explanatory value past 0.01.

A multivariate model produces a better “fit.” Using data from the 2016 and 2018 U.S. House elections, itemized individual donations, candidate ideology, and district partisanship all demonstrate strong significance in determining a candidate’s level of small donations, while candidate gender and district median income have a weaker but still-significant correlation. See Table 1. Whether a candidate has held prior office is just not strong enough despite a t-score of -1.7 (see rightmost column of Table 1). Surprisingly, candidates only receive a predicted extra \$100,000 to \$250,000 from a one-point increase on the CFscore index; the most extreme Democratic and Republican incumbents, Bernie Sanders and Jody Hice, have CFscores of -1.828

¹⁴⁴ See the Appendix of Chapter 1 for graphs of CFscores for 2018 candidates vs. all candidates from 1980 to 2018.

and 1.482, respectively. Candidates raise less in small donations if they come from a wealthier district, less if they've held prior office, and less if they run in a more-competitive district.

Controlling for the number of large donations makes the total receipts a candidate receives from small donations more significant, and it suggests that experienced candidates from wealthier, more-competitive areas may also just have an advantage in fundraising from large donors. Existing members of Congress do use “call time,” and donors looking for influence would certainly want to give to candidates winning non-competitive races, but also competitive *challengers* over less-competitive ones. The direction of median income also indicates that while wealthier districts will have more potential donors, district income may correlate more with the amount of donations rather than the number of donors.

Table 1: Predicting Small Donations

Variables	All 16-18 Candidates	Major Party Candidates	Major Party, 2018	U.S. House only
Candidate CFscore	1.862 (.000)	1.893 (.000)	2.186 (.000)	1.099 (.000)
Candidate Gender (Male)	-0.9834 (.007)	-0.7451 (.050)	-0.3156 (.595)	-0.4422 (.033)
Held Elected Office? (Yes)				-0.2730 (.145)
Party (Republican)		-0.7238 (.0277)	-0.4014 (.456)	
Controls				
Itemized Indiv. Contributions	0.4056 (.000)	0.4044 (.000)	0.4746 (.000)	0.3288 (.000)
Median District Income	-1.383 (.157)	-1.435 (.145)	-1.132 (.480)	-1.150 (.036)
District Partisanship	4.178 (.016)	3.838 (.030)	9.390 (.001)	1.817 (.065)
House or Senate?	Both	Both	Both	House
R²	0.6278	0.6288	0.6694	.4361
Degrees of Freedom	1533	1520	777	1396

Estimates from linear regression models. Entries are unstandardized coefficient estimates with p-values in parentheses. Dollar totals for independent and dependent variables are in the hundred thousands.

A similar relationship is demonstrated in the model that excludes holding prior office, which allows for the inclusion of U.S. Senators and their opponents. There are slightly higher coefficients for all variables, though none change direction and all except median income stay significant. The relationship between candidate gender and fundraising becomes very significant, with female candidates raising \$95,000 more than their equivalent male colleagues. This relationship was still significant, though smaller, with prior office included, which accounts for attempts to recruit “better” female candidates. Organizations like EMILY’s List could potentially play a role in the fundraising success of these candidates, though they only support pro-choice Democratic candidates and there is no clear Republican equivalent. There is also no significant relationship when only 2018 Democratic House candidates are considered, so Republicans likely play an important role in the connection between gender and fundraising from small donations.¹⁴⁵

The primary factor driving small donations in these models, though, is large donations. Candidates can expect to receive 40 cents in small donations for every dollar in larger individual contributions – an expected 28% share of individual contributions. Thus, a serious candidate who raises \$720,000 from larger individual contributions should on average receive \$280,000 in small donations. Removing these contributions from the model, meanwhile, decreases the R^2 value to just 0.02, while modeling a linear relationship between just large and small contributions for all candidates gives roughly the same coefficient and an R^2 value of 0.62. This indicates that the reasons candidates receive large donations should ultimately be very similar to the reasons candidates receive small donations. In particular, candidate name recognition is not included but is likely significant in deciding who receives both small donations and some larger contributions.

¹⁴⁵ This can be better analyzed by modeling separate samples of Democratic and Republican candidates.

\$200 may also not be a particularly good “dividing line” in terms of these donor motivations; individuals looking for attention from a candidate will likely need to be closer to the ceiling of \$5,000 per “donation.” Donors in the \$200-\$1,000 range are likely wealthier than small donors, but \$50 and \$100 contributors have to have a certain amount of disposable income or desire to give.

Table 2: Predicting Small Donation Share

Variables	All 16-18 Candidates	Major Party Candidates	Major Party, 2018	U.S. House only
Candidate CFscore	0.1642 (.000)	0.1633 (.000)	0.1713 (.000)	0.1434 (.000)
Candidate Gender (Male)	-0.0394 (.000)	-0.01457 (.141)	-0.01696 (.208)	-0.03642 (.000)
Held Elected Office? (Yes)				-0.06494 (.000)
Party (Republican)		-0.07566 (.000)	-0.06611 (.000)	
Controls				
Median District Income (\$100,000s)	0.02791 (.290)	0.01810 (.483)	0.02022 (.583)	0.03095 (.249)
District Partisanship	-0.0397 (.379)	-0.09336 (0.036)	-0.0093 (.880)	0.0079 (.865)
R²	.1995	.2386	.2333	.222
DF	1513	1502	773	1377

Dependent variable changed to small donations as a share of total donations. Estimates from linear regression models. Entries are unstandardized coefficient estimates with p-values in parentheses.

To test this further, I analyzed the same data while changing the dependent variable to be a candidate’s share of small donations received. The explanatory variables have somewhat weak effects, which makes sense when all sorts of candidates can end up with a low share of small donations, muddling at least part of the picture. Despite this, ideology has a statistically significant effect, with one point in CFscore suggesting that a candidate’s share of small donations is 14-17 percentage points higher.

Moving beyond ideology, a candidate's share of small donations is only weakly related to district partisanship and insignificantly related to median income. The weak effect from district partisanship (shown in Figure 6) is more confusing, as the results from modeling small donation *totals* suggested that candidates in less-competitive districts received more small donations when controlling for larger donations. Figure 7 shows that perhaps that effect was driven by some outlying cases.

Figure 6: Share of Small Donations and District Partisanship and Income, 2018

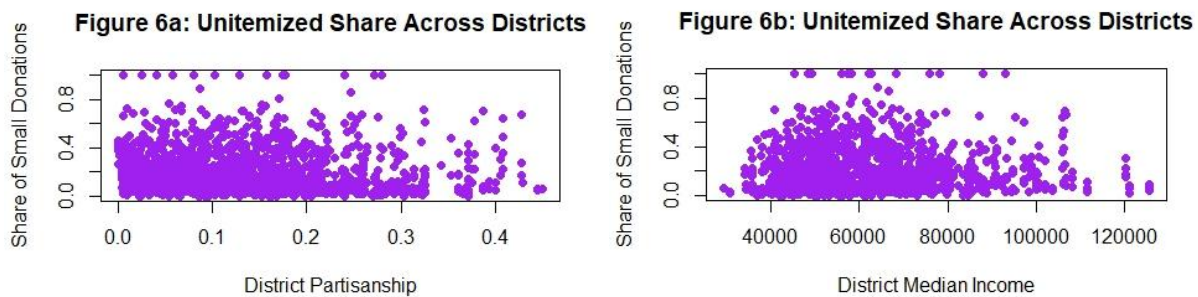
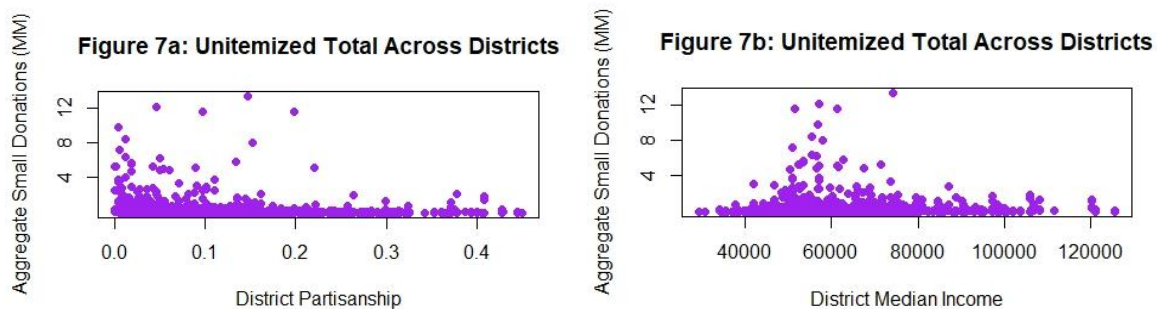


Figure 7: Total Small Donations and District Partisanship and Income, 2018



More specifically, Figures 6-7 explore the relationship by plotting median income and district partisanship against a candidate's share of small donations and a candidate's total small

(unitemized) contributions. There appears to be a slight negative relationship for district partisanship, with most candidates who raised 50% of their funds from small contributions competing in less-partisan districts.

Narrowing the data to more “serious” candidates may provide greater insight, but the challenge may also lie in the difficulty of deciding how to structure the model. Modeling small donations by controlling for “large” donations provides more explanatory power, and this suggests that the causes of small donation totals are similar to the ones for larger donations. On the other hand, modeling the share of donations should pick up the differential effect of various factors on small donation fundraising. For example, more-minor candidates can raise virtually any share of their total contributions in small donations, if they are not raising a large total. Ultimately, if a variable or control is significant for both types of measurements (total versus share), we can be confident in its importance.

Returning to a sum as the dependent variable, the strongest model in Table 1 comes from controlling for the Democratic Party’s 2018 surge in donations by restricting the year to 2018 and adding a party variable.¹⁴⁶ For 2018 major-party candidates, party is still insignificant, probably because the surge in small donations didn’t reach all Democrats, though the direction is correctly against Republicans and suggests Democrats raised \$25,000 more than comparable Republicans. The coefficient for ideology is raised to \$247,000 for 1 point in CFscore, at that point marking a spread of over \$400,000 between the most moderate Democratic incumbents and Sanders. Gender also becomes insignificant when party is included, so there may be a relationship between gender and party that leads to better (or worse) fundraising for a subset of

¹⁴⁶ Independents are thus excluded.

candidates. District partisanship also becomes a much stronger factor, now suggesting candidates from the most extreme districts (PVI of +50) raise over \$500,000 more in small donations than candidates from the most even districts.

Incumbents do not actually raise substantially more from individuals than the typical general election challenger, though in this entire discussion I've excluded challengers who receive fewer than 10 percent of the vote. Incumbents in 2016 and 2018 raised \$1,471,518 from individuals on average, with \$1,161,319 coming from itemized contributions and \$310,199 coming from unitemized (small) contributions, a 21% share. Challengers, meanwhile, raised \$1,276,750, with \$954,614 from itemized contributions and \$322,135 from unitemized contributions, a 25% share. The entire difference in fundraising comes from the difference in large donations, indicating that incumbents are more popular with large donors relative to their popularity with small donors, though this does not indicate specifically whether incumbents are more popular with large donors or challengers are more popular with small donors.

There are several possible explanations for the relatively-small overall difference in average fundraising between challengers and incumbents: First, parties performing better in the national environment likely have an enthusiasm and fundraising advantage, and can spend more heavily on challengers running in competitive races. Second, incumbents in "safe" districts may not need to raise much more than challengers, because they are virtually assured reelection by winning their primary. Third, challengers often need to "overcome" any advantages of incumbency (the incumbent is a proven winner whom voters are already familiar with), which would require spending more. Finally, incumbents are also able to rely on PACs, which are not measured here.

Table 3: Incumbency Status and Small-Dollar Fundraising (2016-2018)

Variables	Major Party Incumbents	Major Party Non-Incumbents
Candidate CFscore	4.673 (.000)	0.9273 (.011)
Candidate Gender (Male)	-1.433 (.038)	-1.004 (.802)
Party (Republican)	-1.176 (.047)	-7.895 (.040)
Controls		
Itemized Indiv. Contributions	0.4201 (.000)	0.3786 (.000)
Median District Income	-3.423 (.034)	-0.7275 (.530)
District Partisanship	6.347 (.027)	-1.064 (.626)
R²	.6041	.6861
DF	756	757

Estimates from linear regression models. Entries are unstandardized coefficient estimates with p-values in parentheses. Dollar totals again in the hundred thousands for independent and dependent variables.

The results in Table 3 look at incumbents and challengers separately. Incumbents follow a pattern more similar to the earlier models, with an even-stronger coefficient of \$470,000 for every point in CFscore in Table 3. There is a much stronger relationship between small donations and district partisanship, and gender has a significant effect on fundraising. One wouldn't necessarily expect female incumbents to raise more than their male colleagues, since any desire to support greater gender equality in Congress, or any inherent electoral advantage women have, could be rendered largely irrelevant when only incumbents are compared. Individuals interested in getting more women in Congress should be more likely to contribute to female challengers. This makes the significance of gender on small donations difficult to explain. The difference of about \$700,000 (using the left column of table 3) between the most moderate and extreme incumbents, based on about 1.5 units of CFscore, is much larger than Culbertson et al.'s finding

of \$300,000 between those poles in 2006-2010,¹⁴⁷ but follows from the substantial increase in small donations in 2018.

However, challengers act much differently than incumbents. Gender, district partisanship, and median income are not significant. Ideology still has a significant relationship, though less than with incumbents, and a much lower coefficient of \$93,000. Since this model only considers general election candidates, it is likely that more extreme challengers also have a lower chance of unseating incumbents, which should negatively affect their ability to raise money.

Reviewing Outliers

As previously stated, 18 candidates who raised over \$5 million in small donations combined for 28% of all small donations received among 2016 and 2018 candidates. As Figure 8 will show, no candidate was expected to raise more than \$1 million from small donations. Knowledge of what candidates significantly outperform their expected totals, some of whom faced competitive elections but some of whom did not, is helpful in terms of understanding what other factors might drive small donations.

Rather predictably, the candidates with the largest residuals, or the difference between their actual fundraising total and the fundraising total expected from the model, tend to be Democrats running in 2018 or Senate candidates more broadly; other than Devin Nunes, the 10 candidates with the largest residuals are all Senators, mostly incumbents, with CFscores generally in the 1-2 (or -1 to -2) range, excepting Florida Senator Bill Nelson, who lost to former Governor Rick Scott in 2018, who had a score of 0.75.

¹⁴⁷ Tyler Culberson, Michael P. McDonald, and Suzanne M. Robbins, "Small Donors in Congressional Elections," *American Politics Research* 47, no. 5 (2019): 984.

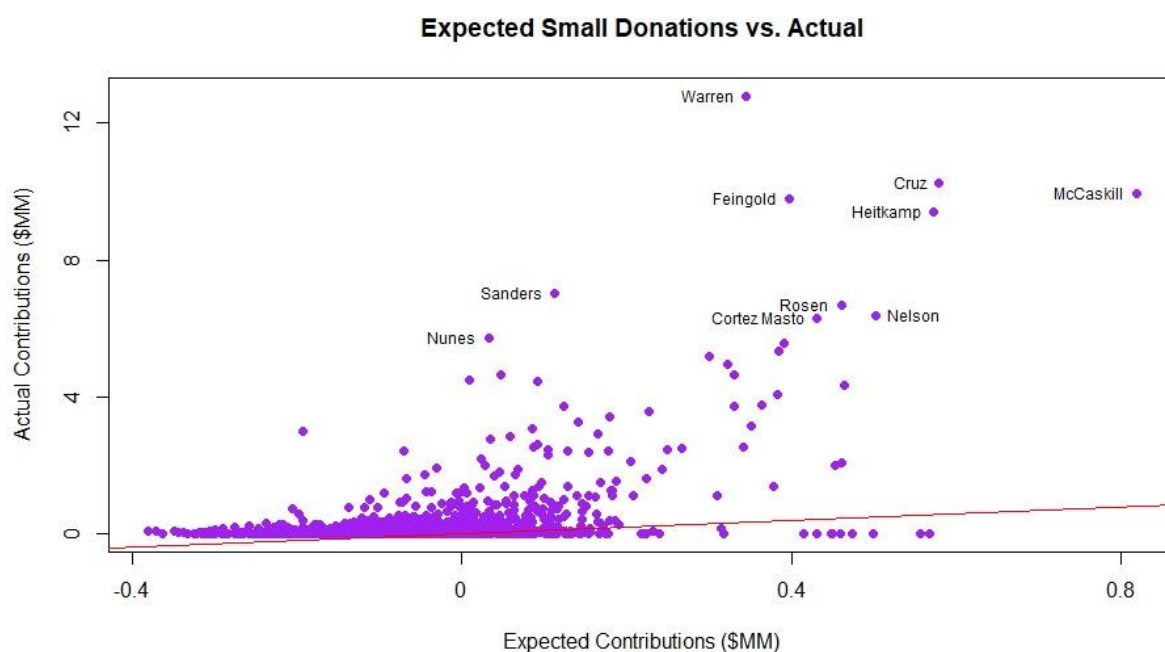
Table 4: Outlying Candidates in Small Donations Received

Candidate	Raised Above Expected (\$)	CFscore
Elizabeth Warren	12,938,357	-1.525
Rafael “Ted” Cruz	11,441,166	1.391
Heidi Heitkamp	10,932,091	-1.154
Claire McCaskill	10,688,470	-1.254
Russell Feingold	9,404,377	-1.358
Jacky Rosen	7,922,632	-1.411
Bernard Sanders	7,826,411	-1.828
Bill Nelson	6,721,667	-0.750
Devin Nunes	6,145,063	1.083
Catherine Cortez-Masto	5,876,525	-1.470

The list is full of recognizable names: Except for the current, Nevada Senate delegation, those 10 were all incumbents or former incumbents (Russ Feingold lost his Wisconsin seat in 2010 and ran for it again in 2018). Nelson, Heidi Heitkamp, Claire McCaskill, and Ted Cruz were all defending competitive seats, while Feingold, Rosen, and Cortez-Masto were challenging for them. The outliers who did not face competitive races are Warren, Sanders, and Nunes, the former two known for supporting policies like a “wealth tax,” while Nunes chaired the House Intelligence Committee from 2015-2019, giving him prominence from investigations into Hillary Clinton and possible anti-Trump activity. Overall, name recognition or identification of

promising challengers/vulnerable incumbents seems to play a large role in the fundraising success of these “top 10” candidates.¹⁴⁸

Figure 8: Expected Small Donations vs. Actual



Online Fundraising Strategies

No data exists to effectively measure candidate strategy (i.e., an explicit target of small donors over large donors) and include it in a model. Candidates do not all have the same fundraising or campaign strategy, both of which impact donations (one more directly than the other). Incumbents may more easily rely on large contributors, particularly those with business interests who may want to back a winner, while challengers may take several different approaches, or try some combination of strategies (they often have much less time and

¹⁴⁸ Candidates without a CFscore from the DIME dataset, including Beto O’Rourke, Ted Cruz’s Democratic challenger from the 2018 Texas Senate race, have been excluded from the data and analysis. It is unclear why that score is missing, as O’Rourke has run for office previously.

experience) to gain financial support. While many elements of campaign and fundraising strategy (events, emails, phone calls) are difficult or impossible to measure on a macro level, many candidates advertise digitally and include fundraising links in those advertisements (often with an explicit ask for contributions). Thus, candidates who spend more on digital advertising, generally on social media, may receive a larger share of small contributions than those who spend less.

Facebook publishes information about political spending on the “Report” page of its Ad Library.¹⁴⁹ The published information includes a page name, amount spent in a given period, and the number of ads in the Library. Facebook’s data runs back to May 2018, but does not allow for selections of specific date windows for which that information can be pulled. To explore any relationship between Facebook spending and small donations, I pulled data from October 2020 to January 2021, and applied it to 2016 and 2018 candidates who were again running in 2020 (Jon Ossoff was excluded), as well as running a bivariate model analyzing just Facebook spending and small donor fundraising for only 2020 candidates. For those 2020 candidates, Facebook spending has a significant ($p < .001$), positive relationship with their share of small donations received, but that relationship becomes negative and insignificant ($p = 0.44$) when total fundraising is included as a control.¹⁵⁰ This relationship stays insignificant ($p = 0.47$) for the subset of 2016 & 2018 candidates, though it is nearly significant when the dependent variable is small donations as a proportion of total funding received. Candidates who raise more money may receive more in small donations and spend more on Facebook advertising, but it does not appear

¹⁴⁹ <https://www.facebook.com/ads/library/report/>.

¹⁵⁰ Those results are not shown.

that Facebook spending and small donations are themselves related (at least with the limited data I can gather on digital ad spending).

On the other hand, Facebook spending does decrease the correlation between ideology, gender, and a candidate's aggregate small donations raised (comparing Table 5 to Table 2, which does not incorporate Facebook spending). Facebook spending does not have any sort of direct relationship with those donations once fundraising is included as a control, but if more ideologically-extreme candidates are more likely to advertise digitally and to raise money from small donations, that would weaken the direct relationship between ideology and small donations in the model. There may in fact be a degree of weakness in the direct relationship between ideology and small donations, but it should be explored in-depth with data all from the same time period (as it stands, DIME scores are not available for 2020 candidates, nor are official vote totals from the FEC).

Table 5: Facebook Spending and Small-Dollar Fundraising

Variables	Fundraising Share	Aggregate Fundraising (\$)
Candidate CFscore	0.1282 (.000)	0.1644 (.180)
Candidate Gender (Male)	-0.05351 (.000)	-0.1269 (.176)
Facebook Spending	0.2159 (.010)	0.6349 (.467)
Controls		
Itemized Indiv. Contributions		0.4460 (.000)
Median District Income	0.4314 (.283)	-2.266 (.387)
District Partisanship	-0.1753 (.014)	7.029 (.134)
R²	.2082	.5006
DF	368	367

Estimates from linear regression models. Entries are unstandardized coefficient estimates with p-values in parentheses. Dollar values in the millions.

Importance of Results and Need for Further Investigation

In addition to the dominant factor of larger individual contributions, candidate ideology is significant in determining their level of small donations received in all but the final model. The difference between the most moderate and extreme incumbents leads to an additional \$250,000 to \$450,000 in small donations. This may have to do with the “base” of party candidates being just above a CFscore of 1, though outlier candidates like Elizabeth Warren and Bernie Sanders undoubtedly push the model in that direction as well. If the model accurately represents the relationship between ideology and small donations, though, more extreme candidates already have a substantial fundraising advantage that could be doubled, tripled, or quadrupled by the public matching provisions of H.R.1: A theoretical candidate who receives all their money in public funding can increase their take seven-fold, but all candidates face some sort of trade-off between public funding and lower caps on donations. Whether this difference will actually give candidates an electoral advantage remains to be seen, but any advantage would be most prominent in primaries, due to presumed decreasing returns to scale on dollars spent, between more-moderate and more-extreme candidates.

If a connection exists, though, it may be helpful in keeping members of Congress directly accountable to voters, though those voters would often just be the loudest, most active, and extreme voices. Primary challenges fueled by extremist party wings could substantially increase gridlock in Congress or turn off more-moderate citizens from becoming involved in the political sphere. This assumes that polarization leading to less bipartisan action in Congress is a negative, but individual readers will all have their own opinions. The graphs included in the Appendix to Chapter 1 do demonstrate that even though Republican members of Congress who ran for office in 2018 were slightly more off-center than their Democratic counterparts, but both parties have

drifted away from one another. CFscores are better at demonstrating how candidates compare to one another than to a body of issues, but it is fair to say small donations help more-extreme candidates in both parties.

Finance vouchers then become a superior reform when compared to donor matching, with the hope that getting new donors involved in the financing process leads to less-extreme candidates or at least offsets giving partisans more money to donate. On the other hand, the still-inexplicable connection between female candidates and small donations could portend a somewhat-easier road to a gender-balanced Congress, an end result that may not necessarily have a real impact, but may help half the population see themselves reflected in Congress.

Understanding what types of candidates receive small donations is crucial to discerning the benefits and downsides of some “democratizations” of campaign finance. While this model clearly demonstrates how more ideologically-extreme candidates benefit from small donations, modeling the relationship still leads to several questions for further research. There exist both benefits and downsides to examining a candidate’s aggregate total of small donations, or viewing it as a share of a total, though using both to determine significance is a possible solution. On the other hand, the incorporation of Facebook spending into a smaller sample suggests strategy influences the relationship between ideology and small donations, though why it does is thus far unclear when Facebook spending itself is not correlated with increased small donations. A deeper understanding of this relationship with Facebook spending or digital advertising more broadly will be helpful in better understanding the connection between ideology and contributions, even if its significance is not surprising when considering the typical donor profile.

Chapter 3: Small Donations, Fundraising, and Votes

Ultimately, the impact of ideology and other specific candidate traits on fundraising from small donations, as found in the second chapter, is irrelevant unless those traits or that fundraising also impacts how well a candidate performs in a primary or general election. From the median voter theorem,¹⁵¹ candidates who are closer to the center ideologically should attract more votes than candidates who are more extreme, even if more-extreme candidates are more successful with small donors (who are themselves more extreme than the population as a whole). Candidate experience (holding prior elected office), meanwhile, correlates with 1 to 7 percentage point gain in vote share depending on the office.¹⁵² We would expect those advantages for experienced candidates to decrease as the number of cross-pressured and “persuadable” voters decreases from social sorting¹⁵³ and increased partisanship. As for gender, a more-recent study by Cecilia Hyunjung Mo found that individuals chose the “strong” female candidate 56% of the time when presented with a choice between that candidate and a “strong” male candidate,¹⁵⁴ a finding that would be in line with some fundraising models suggesting female candidates were more popular with small donors.

However, there is a long-unresolved question of whether spending money ultimately leads candidates to greater electoral success. Recent history of campaigns is littered with high spenders who ultimately flamed out, whether it was Michael Bloomberg and Tom Steyer in the

¹⁵¹ David Henderson, “Don’t Ignore the Median Voter Theorem,” *The Library of Economics and Liberty*, October 19, 2019, <https://www.econlib.org/dont-ignore-the-median-voter-theorem/>.

¹⁵² David Ian Lublin, “Quality, Not Quantity: Strategic Politicians in U.S. Senate Elections, 1952-1990,” *The Journal of Politics* 56, no. 1 (February 1994): 232.

¹⁵³ In which members of political parties begin to look more homogeneous, living in the same communities, coming from similar backgrounds, and so forth. A separate phenomenon is parties also becoming more homogeneous in their issue positions, and both of these lead to less cross-pressuring.

¹⁵⁴ Cecilia Hyunjung Mo, “The Consequences of Explicit and Implicit Gender Attitudes and Candidate Quality in the Calculations of Voters,” *Political Behavior* 37, no. 2 (June 2015): 369.

2020 Democratic Presidential Primary or Sara Gideon in the 2020 Maine Senate election, where Gideon raised \$75 million (spending only \$63 million) to Susan Collins's \$30 million,¹⁵⁵ only to finish with an 8-point loss.¹⁵⁶ On the end of the spectrum, Dave Brat successfully primaried House Majority Leader Eric Cantor in 2014 despite Cantor "spending more at steakhouses" than Brat spent on his entire primary campaign (he raised all of \$200,000).¹⁵⁷ Of course, in many competitive races the candidate who spends more money wins,¹⁵⁸ but it is hardly a guarantee.

General studies of campaign spending and election outcome have found a confusing mix of results for this relationship. Steven Levitt¹⁵⁹ found that an extra \$100,000 in spending led to just a 0.33% increase in vote share. His study was from 1994, when \$100,000 in spending was still large; moreover, the estimated effect was not statistically significant.¹⁶⁰ Further, controlling for candidate quality and district fixed effects lowered the estimated effect by 90%.¹⁶¹ Overall, researchers have been unable to tie incumbent spending in the House to increased electoral success, though spending has been shown as beneficial to Senate candidates and House challengers.¹⁶²

¹⁵⁵ OpenSecrets.org, "Maine Senate 2020 Race" (web page), Center for Responsive Politics (website), accessed April 17, 2021, <https://www.opensecrets.org/races/summary?cycle=2020&id=MES2>.

¹⁵⁶ Collins won 51-42.5 in the first round of ranked-choice voting, and Green Party candidate Lisa Savage received 5%, suggesting the final margin would have been somewhat closer.

¹⁵⁷ Richard Hasen, *Plutocrats United: Campaign Money, the Supreme Court, and the Distortion of American Elections* (New Haven: Yale University Press, 2016): 12.

¹⁵⁸ Taking a broader scope, the candidate who raised the most money won 80% of Senate races and 90% of House races, but many of these races are uncompetitive, and money often follows winners.

Maggie Koreth, "How Money Affects Elections," *FiveThirtyEight*, September 10, 2018, <https://fivethirtyeight.com/features/money-and-elections-a-complicated-love-story/>.

¹⁵⁹ Author of *Freakonomics*

¹⁶⁰ Steven D. Levitt, "Using Repeat Challengers to Estimate the Effect of Campaign Spending on Election Outcomes in the U.S. House," *Journal of Political Economy* 102, no. 4 (1994): 780.

¹⁶¹ Ibid.

¹⁶² Yasmin Dawood, "Campaign Finance and American Democracy," *American Review of Political Science* (2015): 15, Available at SSRN: <https://ssrn.com/abstract=2528587>.

However, there are seemingly tangible benefits to raising more in campaign contributions. Candidates can use that money to advertise in print, on the air, and over the internet, and to put themselves or other campaign representatives (whether paid employees, volunteers, political allies, or other members of a ticket) in front of voters. In these appearances, candidates focus on convincing persuadable voters to back them in an election and convince their supporters to turn out to vote. Most conventional wisdom on winning an election focuses on the former, though Rachel Bitecofer¹⁶³ claims this “Chuck Todd theory of American politics” should be replaced by the idea that “What matters is what percentage of the electorate is Republican and Republican leaners, and what percentage is Democratic and Democratic leaners, and how they get activated.”¹⁶⁴ Both sides would agree that the same exact electorate does not show up every year, and that there is a share of that electorate that is persuadable, but the contention comes in how many people that is: Bitecofer claims that it is only about 6% of the electorate, while Sam Wang of the Princeton Election Commission claims it is roughly 10%.¹⁶⁵ Either way, campaign spending and the resulting spread of messages to voters should have an impact on the share or number of votes a candidate receives.

Some academics argue, however, that campaign contact has little impact on the electorate. In an analysis of 49 different field experiments studying the impact of campaign contact and advertising, Joshua Kalla and David Broockman claim “the best estimate for the

¹⁶³ While Bitecofer is not necessarily liked for her “Krassenstein Brothers approach for getting attention for her forecasts,” referring to the tactic of replying to more popular posts on Twitter by offering a conflicting opinion, she is a relatively recognizable proponent of this view.

David Freedlander, “An Unsettling New Theory: There Is No Swing Voter,” *Politico*, February 6, 2020, <https://www.politico.com/news/magazine/2020/02/06/rachel-bitecofer-profile-election-forecasting-new-theory-108944>.

¹⁶⁴ Ibid.

¹⁶⁵ Ibid.

persuasive effects of campaign contact and advertising...in general elections is zero.”¹⁶⁶ In particular, contact with individuals decays over time, making it ineffective before the lead-up to election day, and persuasive contact close to election day is then ineffective even in the short-term.¹⁶⁷ The only cases in which messages are demonstrated to have persuasive effects are when a candidate takes an unpopular position and “persuadable, cross-pressured voters”¹⁶⁸ are properly identified and targeted with communication focusing on that position.¹⁶⁹ Importantly, messaging also did not demonstrate any turnout effects among supporters,¹⁷⁰ suggesting that no matter whether electoral swings are caused by opinion changes or turnout changes, they do not come from the persuasive outreach of campaigns (though specific “get out the vote” operations do boost turnout¹⁷¹). Kalla and Broockman do note, though, that there may be effects from candidate qualities, positions, or overall “message,” and from more-effective persuasion.¹⁷²

There are several reasons why campaigns may have little to no effect on the eventual outcome of the vote. A 1993 study by Gelman and King found that voters typically receive all the information they *choose* to remember from the media and elsewhere, making it redundant that they were also contacted with the same information by campaigns.¹⁷³ Kalla and Broockman then argue that the decreasing share of cross-pressured voters also decreases the number or type of messages that can be shared to persuade voters,¹⁷⁴ though it is unclear if this refers simply to a lack of options for specific campaign outreach or the media more completely disseminating that

¹⁶⁶ Joshua L. Kalla and David Broockman, “The Minimal Persuasive Effects of Campaign Contact in General Elections: Evidence from 49 Field Experiments,” *American Political Science Review* 112, no. 1 (2018): 151.

¹⁶⁷ Ibid 148-149.

¹⁶⁸ Cross-pressured voters don’t “fit” well with their preferred party, either due to specific issue positions or aspects of one’s identity that are more commonly associated with an opposing party.

¹⁶⁹ Ibid 149.

¹⁷⁰ Ibid 150.

¹⁷¹ Ibid 163.

¹⁷² Ibid 149.

¹⁷³ Ibid 150.

¹⁷⁴ Ibid 150.

information which could be used to sway persuadable voters. Voters are exposed to both sides of competing arguments, and partisans have difficulty entertaining other ways of framing issues than the position of their preferred party. So as Kalla and Broockman note, “contact from campaigns in general elections could have effects early in the electoral cycle before the media provides competing frames and relevant information, but that these effects would decay rapidly.”¹⁷⁵ Kalla and Broockman rule out the idea of “oversaturation” of information based on their field study being the only door-to-door contact received by most of their sample.¹⁷⁶ However, oversaturation is better expressed as coming from all forms of information, unless they have reason to believe door-to-door contact is received differently from political advertising, discourse with family and friends, and consumption of news and social media.

Of course, it can also be expected that candidates who raise more money will be more successful even if spending doesn’t create increased support. While political donors are only a small share of the electorate, support from donors suggests a level of popularity and “quality” that is often difficult to measure but may be the mark of a talented candidate. The measure of money received would not be as strong a measure of popularity as an aggregate total of individual donors, but the smaller size of unitemized contributions should keep candidates in the same ballpark. In addition, large donors who seek influence or access should be more likely to target candidates who are favored to win; chapter 2 showed that incumbents raise a larger share of their funds from large donors do than challengers. Based on this strategy, a healthy amount of large donations should suggest that a challenger has a strong chance of unseating an incumbent.

¹⁷⁵ Ibid 151.

¹⁷⁶ Ibid 156.

Another consideration for fundraising, spending, and campaign contact is the likelihood of diminishing marginal returns for that activity. Introducing a new ad, voter script, or other persuasive communication presents a new issue framing, thought, or piece of information that can sway a voter, but constantly repeating established ideas may be less effective than the initial establishment of that idea in the first place. Too many different ideas may be less effective than hammering home a straightforward message that undecided voters remember on Election Day, but the difference between running an ad 499 and 500 times is obviously less than the difference between running it once and twice. This can lead to the idea of a “magic number” for fundraising, after which additional dollars have a negative or neutral impact. Of course, Kalla and Broockman appear to argue that diminishing marginal returns is not an issue because the marginal returns are always close to zero, but this idea is worth exploring as a possibility.

Sara Gideon’s 2020 campaign for one of Maine’s Senate seats may be an example of additional dollars having a negative impact on the outcome. The *New York Times* quoted a voter calling the spending in the race “a slap in the face of America,” and the state head of Obama’s campaigns called it “out of control.” Bill Green, a registered Democrat, appeared in pro-Collins ads where he described “more than \$40 million in false attacks against Susan Collins by out-of-staters who don’t give a darn about Maine, and it’s shameful.”¹⁷⁷ As that Obama campaign head states, “when you have that much money, you’re throwing stuff at the wall.”¹⁷⁸ Gideon still ended the campaign with almost \$15 million on hand.¹⁷⁹ The content of Gideon’s campaign may

¹⁷⁷ Ellen Barry, “The Democrats Went All Out Against Susan Collins. Rural Maine Grimaced,” *New York Times*, November 17, 2020, <https://www.nytimes.com/2020/11/17/us/maine-susan-collins.html>.

¹⁷⁸ Ibid.

¹⁷⁹ Kenneth P. Doyle, “Overstuffed Campaigns End Election With Plenty of Cash Leftovers,” *Bloomberg Government*, December 4, 2020, <https://about.bgov.com/news/overstuffed-campaigns-end-election-with-plenty-of-cash-leftovers/>.

have mattered just as much as the overspending, but that sort of financial advantage does lend credence to allegations of attempting to “buy” an election.

On the other hand, financial strength has a demonstrated significance in primary elections. Adam Bonica found that doubling a candidate’s fundraising total led to a 45 percent increase in primary vote share, with both figures adjusted for the contest average.¹⁸⁰ In addition, primary candidates who display financial strength gain the idea of “electability” through the idea that the many individuals or organizations backing them makes them more likely to defeat the opposing candidate in the general election. This concept extends down to the seed stage; Hacker and Pierson claim that candidates who fundraise well are supported by the DCCC or otherwise “shut...out,” a process also emphasized by Rahm Emmanuel claiming “the first third of your campaign is money, money, money.”¹⁸¹ The purpose of EMILY’s List, a PAC focused on female candidates who support abortion rights, reinforces this idea, since its name is an acronym for Early Money is Like Yeast (it makes the dough rise).¹⁸² Bonica has also argued that lawyers and doctors are overrepresented in Congress because “even the most compelling candidates will struggle to keep pace” if they don’t have a personal network that can provide them with an initial infusion of cash.¹⁸³ This increase may be a benefit of being able to spend more and expand a campaign, but fundraising ability may also create that “electability” narrative.

¹⁸⁰ Adam Bonica, “Professional Networks, Early Fundraising, and Electoral Success” (December 28, 2016), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2891145: 1.

¹⁸¹ Lawrence Lessig, *Republic, Lost*. (New York: Hachette Book Group, 2015): 162.

¹⁸² Bonica, “Early Fundraising and Electoral Success,” 12.

¹⁸³ *Ibid*, 13-14

Modeling Candidate Success in General Elections

To analyze the relationship between fundraising and electoral success, I again leaned on Adam Bonica’s Database on Ideology, Money in Politics, and Elections (DIME). The DIME dataset is useful for its aggregation of candidate data, though I’ve added fundraising totals from the FEC (which were not updated for the end of 2018 in the most recent DIME totals) and 2016 Presidential results by district from the Cook Political Report.¹⁸⁴ DIME is most useful for its CFscores (CF stands for campaign finance), which provide ideology estimates for all candidates, not just former legislators, based on the donors who contribute to their campaigns.¹⁸⁵ As is the case with DW-nominate scores, 0 is the “center,” so I use the absolute value of the scores to measure a candidate’s extremism. By a degree of necessity, I filter out candidates without CFscores, and when comparing candidates to opponents, remove those without one in the remainder of the data.¹⁸⁶ I’ve also only included candidates who receive between 10 and 90 percent of the votes in the general election.¹⁸⁷ Party and cycle were included to attempt to control for year-to-year swings towards specific parties, in this case the 2018 “blue wave” for the Democrats (this analysis is limited to 2016 and 2018).

¹⁸⁴ For the latter, Bonica divides the most recent Democratic Presidential candidate’s vote share by the two-party vote share in that district, but I was only able to replicate some of the figures based on either 2012 or 2016 Cook data. Most figures were within 1% but slightly different, less than half were exactly the same.

¹⁸⁵ CFscores are based on clustering contributors, with DW-nominate scores as a foundational basis. Individual donors can be assigned ideology scores based on the known ideologies of candidates they donate to, then scores can be assigned for all candidates based on a weighted average of contributors. In addition to giving a score to candidates who do not have a record of roll call votes, CFscores are able to reflect candidate positions on issues that are not regularly voted on in Congress but come up frequently in campaigns, like abortion, same-sex marriage, or Medicare for All.

¹⁸⁶ About 400 candidates get removed (n=1151 vs. n=1585) when making adjustments for lack of an opponent in the data set, jungle primaries, or fundraising the vast majority (> 99%) of the money in the race.

¹⁸⁷ The goal is to not include (virtually or actually) uncontested races and candidates incapable of running a serious campaign.

I model the relationship between a candidate's spending advantage and electoral performance relative to their party's presidential candidate in their district.¹⁸⁸ I found that some candidates (i.e. Zak Ringelstein in the 2018 Maine Senate election) had abnormally low relative performances due to special factors like 3-way races or "jungle" primaries.¹⁸⁹ As such, I restrict the data set to candidates who receive a vote share within 25 percentage points of the presidential margin. Table 3.1 shows the results from a model looking at House and Senate candidates in 2016 and 2018.

¹⁸⁸ This helps control for the partisan preferences of voters going to the polls due to the makeup of the district. A House candidate who gets 40% of the vote when Hillary Clinton gets 30% of the two-party vote (and maybe 27% overall) is performing relatively better than a candidate who receives 60% in a district where Clinton gets 70%.

¹⁸⁹ Primaries in which several candidates from all parties face one another, or general elections that allow multiple candidates from the same party, can lead to two candidates from the same party facing off head-to-head, with both likely underperforming their party's Presidential nominee.

Table 1: The Effect of Itemized and Unitemized Contributions on Votes

Variables	All Candidates	Incumbents	Challengers
Candidate CFscore*	-1.891 (p = .000)	-2.633 (.001)	-0.2093 (.605)
Unitemized Contributions (in millions)	-0.2016 (.420)	0.1357 (.658)	0.03070 (.939)
Itemized Contributions (in millions)	0.2670 (.036)	0.1973 (.233)	0.01256 (.947)
Gender (male)	0.6716 (.072)	2.009 (.001)	-0.2432 (.583)
Controls			
Party (Republican)	3.219 (.000)	2.974 (.000)	3.106 (.000)
Cycle (2018 vs. 2016)	0.3184 (.039)	-0.8509 (.000)	1.466 (.000)
R²	.1027	.1085	.1261

Estimates from linear regression models. Entries are unstandardized coefficient estimates with p-values in parentheses. Dependent variable is vote share *difference* between a candidate and the share received by their party's presidential candidate (in their district) in the 2016 election. 2016 and 2018 candidates only.

*90% of CFscores range between -1.52 and 1.28.

The results suggest that electoral success is not particularly well-explained by ideology, fundraising, and gender (given the low R²). In the first model of Table 3.1 (with all candidates) there is a significant relationship between itemized contributions and electoral performance but all other fund-raising effects are insignificant. Incumbents who are more extreme receive fewer votes to the tune of -2.6% for 1 point in CFscore, which grows to a 4.5% difference in comparing the most moderate and most extreme candidates (0-1.8). We might expect more ideologically-extreme candidates to be less popular with the median voter.¹⁹⁰ Itemized contributions, meanwhile, should correlate well with electoral performance because of the desire for “access” that leads contributors to give to more-competitive candidates or those likely to win. Still, \$1

¹⁹⁰ Since they are further away on that ideological scale.

million in itemized contributions leads to only a 0.26% advantage over the 2016 presidential baseline.

The non-challenger models are also the first indication that voters prefer male candidates, though it is unclear why this bias would exist for incumbents but not challengers. Female incumbents raised more from small donations than similar male colleagues (shown in Chapter 2), and there may be an intricate relationship in which another cause of receiving those small donations also leads to lower electoral success. The idea that small donors prefer female candidates but male candidates do better electorally then implies that small donors are significantly different from the overall population in more than ideology, otherwise men would do comparably better with small donors or women with voters as a whole.

There are of course several flaws with using an aggregate measure of money raised, or even money spent, in this model. One major issue is that many districts (or states) are much more expensive to run in than others. Many districts lie in expensive media markets, some in multiple markets (though that is more of an issue in Senate races). The expense of contact with voters cannot be controlled for with district income since, for example, there are both extremely wealthy and fairly poor districts within the very-expensive New York City market, and candidates would potentially have less voter contact per dollar there than in Maine's first district, which lies in the Portland media market. So aggregate spending or aggregate relative spending is a less effective measure than the percentage difference between opposing candidates' fundraising or expenditures totals, though even that is susceptible to differences in how money is spent. Ultimately, using a relative share will provide the most optimal results possible without a more

fundamental understanding of how specific candidates are spending their money.¹⁹¹ Table 3.2 re-estimates the models with fund-raising advantage, comparing them to their opponents.

Table 2: Fund-Raising Advantage and Vote Share

Variables	All Candidates	Incumbents	Challengers
Candidate CFscore	-1.086 (.004)	-2.184 (.012)	-0.4139 (.355)
Fundraising Advantage (in millions of \$)	0.5297 (.000)	0.4507 (.000)	0.5060 (.000)
Gender (male)	0.151 (.696)	1.726 (.009)	-0.3856 (.400)
Controls			
Party (Republican)	4.323 (.000)	4.482 (.000)	3.847 (.000)
Cycle	0.4312 (.007)	-1.064 (.000)	1.516 (.000)
R²	.1735	.1993	.1776

Estimates from linear regression models. Entries are unstandardized coefficient estimates with p-values in parentheses. Dependent variable is vote share *difference* between a candidate and the share received by their party's presidential candidate (in their district) in the 2016 election.

Candidates with large spending advantages do extremely well relative to the party's 2016 presidential baseline. The effect of spending advantage is significant for both incumbents and challengers, and in the model of all candidates \$1 million in extra spending leads to 0.53% of additional relative vote share. This is suggestive of a fairly, though not extremely, strong relationship between spending and success. It is important to recall that the average incumbent in 2016 and 2018 spent \$1.5 million, and had a spending advantage of about \$200,000 over their opponent (from chapter 2). A million-dollar spending advantage is thus much larger than the

¹⁹¹ As a corollary, heavy self-funding or support primarily by a handful of individuals or Super-PACs is not a sign of strength, though these candidates may not necessarily be any weaker than their colleagues.

typical candidate's, though for more-expensive races such advantages are not uncommon.¹⁹²

Findings for gender and for candidate extremism are similar to the earlier results.

Because this relationship models the difference between a candidate's vote share and that of Donald Trump or Hillary Clinton in their district, races which are less competitive should not distort the results. Uncompetitive challengers may still be able to break the presidential baseline without significant financial backing, while incumbents may still fall short despite it. Further, donors concerned with "access" should not be concerned about funding those incumbents who are less popular, especially if they are in a hyper-partisan district that ensures their reelection anyway. But do candidates raise more money because they have more support, or do they have more support because they've raised and spent more money? If donors as a whole tend to be more ideologically extreme, and a candidate appeals primarily to the center, they will likely gain fewer donors than they might have otherwise, since donors appear more polarized than the population as a whole.¹⁹³

¹⁹² If \$20 million is raised, it takes raising 55% of the money to have a \$1 million spending advantage; if \$5 million is raised, it takes 60%.

¹⁹³ Raymond J. La Raja and Brian F. Schaffner, "The Ideological Wellsprings of Campaign Money," In *Campaign Finance and Political Polarization: When Purists Prevail* (Ann Arbor: University of Michigan Press, 2015): 46.

Table 3: Fund-Raising Advantage and Vote Share by Election Cycle, 2016-2018

Variables	2016 Candidates	2018 Candidates
Candidate CFscore	-2.674 (.000)	-0.118 (.778)
Fundraising Advantage (in millions of \$)	0.7358 (.000)	0.3159 (.000)
Gender (male)	0.654 (.304)	0.5156 (.205)
Controls		
Party (Republican)	8.486 (.000)	.4773 (.220)
R²	.4167	.048

Estimates from linear regression models. Entries are unstandardized coefficient estimates with p-values in parentheses. Dependent variable is vote share *difference* between a candidate and the share received by their party's presidential candidate (in their district) in the 2016 election.

Analyzing 2016 results only (see Table 3.3), though, continues to demonstrate a strong connection between fundraising and success. Candidates who were more ideologically extreme were even less successful (compared to results in earlier tables) relative to the presidential baseline, and an even larger spending advantage was necessary to attain additional votes. The 8.5-point advantage given to Republicans may at least be somewhat reflective of Donald Trump losing the popular vote even as Republican House members beat Democrats by 1% nationally. On the other hand, 2018 results do not demonstrate any sort of meaningful relationship for candidate ideology. With such a disconnect between the figures in the two years, it is clear that the circumstances of the two elections must be substantially different.

Separating the data from 2016 and 2018 should also be more effective than controlling for cycle. Campaign cycles can be fundamentally different from one another, as more-independent voters switching their backing and others choosing to show up or stay home hands one party an advantage over the other. This makes controlling for party necessary and useful in

single-cycle analyses, especially when candidates are being analyzed relative to their party's performance in a prior election cycle. However, controlling for a linear relationship between campaign cycle/year and candidate performance fails to account for the interaction between party and cycle as those change. Table 3.2 suggests an average improvement of 3% for challengers in 2018 over their 2016 counterparts,¹⁹⁴ and a 2% decline for incumbents, which would indicate a more-turbulent cycle in 2018. In a sense, this does reflect the Democratic wave in 2018, as most losing incumbents were Republicans, and most winning challengers Democrats.

Table 4: Including Incumbency as a Control:

Variables	2016 Candidates	2018 Candidates
Candidate CFscore	-1.627 (.006)	-0.0425 (.924)
Fundraising Advantage (in millions of \$)	0.4489 (.004)	0.3095 (.000)
Gender (male)	0.4774 (.442)	0.4927 (.229)
Incumbent	2.951 (.000)	0.1933 (.634)
Controls		
Party (Republican)	7.892 (.000)	.432 (.274)
R²	.4448	.0473

Estimates from linear regression models. Entries are unstandardized coefficient estimates with p-values in parentheses. Dependent variable is vote share *difference* between a candidate and the share received by their party's presidential candidate (in their district) in the 2016 election.

Table 3.4 adds incumbency as a control and shows an approximately 3% average “bump” for incumbent legislators over 2016 presidential performance, but no such advantage appears in the less-robust 2018 model. Controlling for incumbency also suggests spending an extra \$1 million in 2016 would lead to a slightly-lower 0.45 percentage-point gain in vote share than the

¹⁹⁴ Since cycles are two years apart, and a change of 1 year causes a 1.5% change in vote share.

0.74% in Table 3.3, a still-important figure, and lowers the maximum estimated effect from ideology to about 2.5%. Since incumbents do outraise their opponents, it makes sense that controlling for it would decrease the impact of spending; similarly, as incumbents are more moderate, it makes sense that some of incumbency advantage was baked into that figure. It is surprising, though, that incumbents experienced virtually no advantage in 2018 (as evidenced by the null effect in the right column of Table 3.4).

The Most Competitive Races

In the most competitive races, we should expect donors interested in access to behave differently than in less-competitive races, where they can give to a candidate virtually assured of victory. Since competitive candidates have a reasonable chance of victory, we should also expect them to attempt to maximize their chances; the motivations and effort of less-competitive candidates may be more unclear. From this, we may expect contributions overall to better distinguish who is a quality candidate. However, the volume of media about these races may also minimize the effects of campaign spending itself, since voters will hear about the race much more than they would about one that is less competitive. These races are also more expensive, with the average candidate in 2016 spending \$4,574,890 compared to \$1,750,316 for all races.¹⁹⁵ Diminishing marginal returns should then further lessen the effect of a dollar of spending.

¹⁹⁵ Based on the candidates included in each model.

Table 5: Fund-Raising and Vote Share in Competitive Races

Variables	2016 Candidates	2016 Candidates	2018 Candidates	2018 Candidates
Candidate CFscore	-7.007 (.003)	-7.086 (.004)	-3.576 (.007)	-3.848 (.005)
Fundraising Advantage (in millions of \$)	-0.01506 (.962)		0.169 (.010)	
Unitemized Contributions (in millions of \$)		-0.2716 (.749)		0.4084 (.362)
Itemized Contributions (in millions of \$)		0.2048 (.610)		-0.1629 (.471)
Gender (male)	-0.8917 (.653)	-0.8607 (.666)	0.5578 (.504)	.4901 (.561)
Controls				
Party (Republican)	4.590 (.005)	4.555 (.005)	-2.631 (.005)	-3.322 (.000)
R²	.2209	.2136	.081	.0659

Estimates from linear regression models. Entries are unstandardized coefficient estimates with p-values in parentheses. Dependent variable is vote share *difference* between a candidate and the share received by their party's presidential candidate (in their district) in the 2016 election. Set of candidates who received between 45 and 55% of general election vote.

Table 3.5 looks only at candidates who received between 45 and 55 percent of the general election vote. In these most-competitive races, candidate ideology has an even more profound effect on votes, with the difference between the most moderate and extreme incumbents amounting to about a 10% difference in vote share relative to the 2016 Presidential results. Fundraising advantage, meanwhile, was unrelated to votes in 2016 and was only significant in 2018 at 0.17% per additional million raised. The direction for party finally reflected much of the shift between 2016 and 2018, meaning Republicans out-performed Trump in 2016 but lagged behind his 2016 vote share in the midterms.

Table 6: Fund-Raising and Vote Share in Primaries

Variables	Primary Losers
Candidate CFscore	-1.789 (.001)
Itemized Contributions (in millions of \$)	6.864 (.000)
Unitemized Contributions (in millions of \$)	-5.016 (.000)
Gender (male)	0.3986 (.634)
R²	.0186

Estimates from linear regression models. Entries are unstandardized coefficient estimates with p-values in parentheses. Dependent variable is candidate vote share (0-100) in the primary (but in practice that cannot be above 50 if this includes only losers).

Table 3.6 looks at primary losers. Modeling the effect of spending on primaries requires data on fundraising prior to the primary date, since primary winners will raise substantial sums afterwards in preparation for the general election. Unfortunately, the FEC only offers full reports on fundraising totals through the end of the election cycle, which I have used, though even quarterly reports would be ineffective if a candidate receives a fundraising windfall directly after a primary victory. Using fundraising through the end of the first quarter of the election year may be an effective replacement,¹⁹⁶ but I was unable to find an aggregate set of this information. Without it, I have modeled how fundraising totals affect vote shares for primary losers, since their fundraising effectively ends with that loss. We should still expect a direct and predictable relationship between fundraising and success since partisan leanings of the electorate become less meaningful. However, having information on relative spending, overall expense in the race,

¹⁹⁶ Most primaries occur before the end of the second quarter, and candidates may see a fundraising bump immediately after winning a competitive primary, whether it is from existing supporters or undecideds who planned on contributing to the eventual nominee.

and candidate name recognition (primarily from experience in elected or appointed office) would help clarify the relationship and potentially establish a better predictive model.

Greater precision can also be found by separating primary opponents of incumbents, and individuals competing to run for an open seat or against an incumbent of the opposing party. Incumbents should have a large fundraising advantage over their primary opponents, and may require a much larger fundraising total to overcome, cases like Brat vs. Cantor notwithstanding. In races without an incumbent, two candidates are on a more-level playing field and should be able to properly compete with much less in funding. However, the most accurate results will only come when also analyzing the winners of those primaries, with their fundraising totals through the date of that election.

In Table 3.6, there is an opposing relationship between itemized and unitemized contributions, and a significant effect for CFscores, though the predictive measure of funding and ideology on vote share for primary losers is practically zero (in looking at the model's R^2). The negative effects of unitemized contributions should just lead to underperformance relative to a candidate, usually an incumbent, who receives more of their share in itemized contributions, but because those itemized contributions still substantially outnumber their small counterparts in any given election, the association between spending and vote share would be positive (and likely significant). However, given the already-established relationship between primary fundraising and electoral success as detailed by Bonica,¹⁹⁷ we should expect a better predictive measure.

¹⁹⁷ Adam Bonica, "Professional Networks, Early Fundraising, and Electoral Success" (December 28, 2016): 2. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2891145.

Facebook Spending

Sometimes money is just used to raise more money in a cycle that inflates totals but does not necessarily aim for, or result in, increasing the broader level of support for a candidate, particularly when a campaign's most ardent supporters are both the most likely donors and voters for that candidate. For example, the Trump campaign spent nearly half of its \$800 million in expenditures prior to September 2020 trying to raise more money,¹⁹⁸ though it's possible that this push did still have a small impact on undecided voters. Campaigns can also have different levels of administrative costs, whether from researching and determining strategy, spending on producing media, or simply operating more or less efficiently. The Lincoln Project, for example, while not a campaign, had spent only about \$200,000 placing advertisements by the end of March 2020, but had spent almost the same amount producing those ads and sent almost \$1 million to a strategic communications firm run by the group's treasurer.¹⁹⁹

Spending on actual communications can also be more effective depending on the type of message, or the way in which that spending is spread (some voters can only be reached on certain platforms). Digital spending, such as advertising on Facebook, has become increasingly popular for campaigns, but not all candidates have been quick to move towards its use. While trying to argue that Democrats did not lose Congressional races due to attitudes about the Progressive movement, Alexandria Ocasio-Cortez commented on Conor Lamb, an incumbent Representative from Pennsylvania who narrowly won reelection and who spent \$2,000 on

¹⁹⁸ Shane Goldmacher and Maggie Haberman, "How Trump's Billion-Dollar Campaign Lost Its Cash Advantage," *New York Times*, September 7, 2020, <https://www.nytimes.com/2020/09/07/us/politics/trump-election-campaign-fundraising.html>.

¹⁹⁹ Karl Evers-Hillstrom, "Lincoln Project Capitalizes on Trump's Rage as Its Spending Comes Under Scrutiny," *Center for Responsive Politics*, May 7, 2020, <https://www.opensecrets.org/news/2020/05/lincoln-project-capitalizes-on-trump-rage/>.

Facebook the week before the election. She claimed “if you’re not spending \$200,000 on Facebook with fund-raising, persuasion, volunteer recruitment, get-out-the vote the week before the election, you are not firing on all cylinders.”²⁰⁰

Table 7: Facebook Spending, Fund-Raising Advantage, and Vote Share

Variables	All Candidates	All Candidates
Candidate CFscore	-1.509 (.121)	-1.835 (.057)
Facebook Spending	3.862e-05 (.005)	2.970e-05 (.019)
Gender (male)	1.527 (.056)	1.534 (.052)
Controls		
Party (Republican)	0.9535 (.124)	1.413 (.027)
Cycle	-0.2908 (.370)	-0.3064 (.339)
Fundraising Advantage (in millions of \$)		2.804e-07 (.036)
Itemized Contributions (in millions of \$)	-2.646e-07 (.269)	
Unitemized Contributions (in millions of \$)	4.270e-08 (.903)	
R²	.0658	.0783

Estimates from linear regression models. Entries are unstandardized coefficient estimates with p-values in parentheses. Dependent variable is vote share *difference* between a candidate and the share received by their party’s presidential candidate (in their district) in the 2016 election.

If Facebook or digital spending is part of a more effective campaign strategy, we should expect to see a correlation between Facebook spending and candidate success against the 2016 presidential baseline in a candidate’s district while controlling for fundraising or spending, since

²⁰⁰ Astead W. Herndon, “Alexandria Ocasio-Cortez on Biden’s Win, House Losses, and What’s Next for the Left,” *New York Times*, November 16, 2020, <https://www.nytimes.com/2020/11/07/us/politics/aoc-biden-progressives.html>.

candidates who have more money will be able to spend more on all methods of reaching voters. Including data on Facebook spending from the last two weeks of the 2020 cycle and using it as a proxy for digital or campaign savvy in 2016 and 2018,²⁰¹ I find a significant relationship between spending on Facebook and candidate success, with candidates receiving 3.8% more for every \$100,000 or so in spending for those two weeks, a number that indicates a solid portion of success can be driven by strategy. Rather importantly, a candidate's overall spending advantage becomes only slightly significant in this model.

Summary and Conclusion

The effect of campaigns on electoral outcome is not clear, as media outreach and contact with voters often displays a bump in support that decreases over time, making the impact of the outreach eventually zero, but several studies have found small positive impacts on vote share from candidate spending more broadly. It remains possible that spending is correlated with success even if the effects of that spending are not, since more-popular candidates should perform better with donors. However, that fundraising may be a double-edged sword, as too much support, particularly if it comes from less-popular groups like the wealthy and out-of-staters, can also open up that candidate to allegations that they and their supporters are attempting to “buy” the election – though that may actually have no final impact as well.

²⁰¹ The only included candidates are those who ran in 2020 and at least one of the prior two cycles, in addition to having listed Facebook spending. This is admittedly a weak test of strategy effects on outcomes. I was not able to look only at candidate Facebook spending in the 2018 election, and Facebook did not release this information for the 2016 election. As such, I am using digital spending in 2020 as a proxy for the likely digital outreach employed in prior campaigns.

Analyzing fundraising and election performance for 2016 and 2018 candidates demonstrates a significant relationship between candidate spending and electoral performance. Candidates gain 0.53 percent more of the vote for every \$1 million more they raise than their opponent, an advantage lower than incumbency or being an ideological moderate, but which could be significant at higher levels of spending. However, this advantage shrunk to just 0.17% in the most competitive races in 2018, and was insignificant in the most competitive races of 2016, perhaps a good example of oversaturation of information for voters.

Candidates who received more in itemized donations also performed better than those who received more in small donations, except in the most competitive races in 2018. While it is still difficult to dissociate whether spending fuels support or is a byproduct of it, candidates who spent more on Facebook advertising outperformed slightly more. It is difficult to believe that the millions of dollars candidates spend on federal campaigns have no impact, but minimal effects makes sense when voters are often bombarded with competing ideas.

More ideologically-extreme candidates also perform somewhat or significantly worse than comparable, more-moderate candidates. The effect of 1 point in CFscore varies from about 1% to 7% of vote share, implying that a candidate with the same score as Bill Nelson (CFscore - 0.75) would perform 1% better than a candidate with the same score as Bernie Sanders (CFscore -1.8). Importantly, the 7% effect is when only considering the closest races of 2016, implying voters were much more willing to support more-moderate candidates and potentially cross party lines to do so. The decrease of this effect in 2018 to about -3.5 (still looking at the closest races) implies stronger partisanship, or a willingness to support candidates who may be less moderate.

If spending is mostly irrelevant in what candidate wins a general election, particularly when examining the most competitive races, concerns over the role of small contributions in

supporting more ideologically-extreme candidates perhaps should be focused on primary elections, where spending might matter more and the “penalties” for extremism may be lower, or reversed. Primaries are the only election that matters in many districts, so better understanding the relationship between small donations, ideology, and electoral results in primaries is crucial to anticipating the effects of public matching or furthered attempts to tap into this expanding donor pool. As it stands, implementing voucher programs or other ways of encouraging new and less-partisan donors to engage in the finance process would be a “safer bet,” but unless recipients are involved in that primary process, it appears a possibility that public funding will not make much of a difference.

The final, concluding chapter of this paper will discuss the implications of the findings of Chapter 2 and Chapter 3 on potential solutions to the problem of “big money” in politics. The correlation between receiving more in small donations and having a more-extreme CFscore, and the relationship between fundraising and success, suggests that these more-extreme candidates may be advantaged by public campaign finance programs centered around small donors.

Chapter 4: Considering Campaign Finance Reforms (and Conclusion)

To some extent, the preceding chapters of this paper presuppose a problem with “big money” in politics, particularly the overrepresentation of wealthy donors in the funding of political campaigns. This overrepresentation is irrefutable from a purely monetary perspective, and these concerns are not unfounded. In 2016, 15,810 individuals, less than 0.0001% of the American population, accounted for half of all political contributions,²⁰² an amount totaling several billion dollars.²⁰³ Furthermore, former Nebraska Senator Bob Kerrey has wondered “is Americans for Prosperity going to advertise against me in a primary, yes or no?”²⁰⁴ Joe Scarborough explicitly states that from his experience in Congress, “across the spectrum, money changed votes,”²⁰⁵ while Senator Chris Murphy of Connecticut states “you’re hearing a lot about problems that bankers have and not a lot of problems that people who work in the mill in Thomaston, Conn. have.”²⁰⁶ Yet Stephen Ansolabehere, John De Figueiredo, and James Snyder, in their paper, “Why Is There So Little Money in U.S. Politics?” documented how most studies on PAC contributions found insignificant or negative connections between contributions from interest groups and support (votes) for an issue.²⁰⁷

²⁰² Richard H. Pildes, “Participation and Polarization,” *University of Pennsylvania Journal of Constitutional Law* 22, no. 2 (2020): 358.

²⁰³ “2020 election to cost \$14 billion, blowing away spending records,” *OpenSecrets.org*, October 28, 2020, <https://www.opensecrets.org/news/2020/10/cost-of-2020-election-14billion-update>.

²⁰⁴ Richard Hasen, *Plutocrats United: Campaign Money, the Supreme Court, and the Distortion of American Elections* (New Haven: Yale University Press, 2016): 51-52.

²⁰⁵ Lawrence Lessig, *Republic, Lost*. (New York: Hachette Book Group, 2015): 133.

²⁰⁶ Gareth Fowler and Daniel I. Weiner, “Understanding H.R. 1’s Public Financing Provisions,” *Brennan Center for Justice* (September 20, 2019),

<https://www.brennancenter.org/sites/default/files/analysis/Understanding%20HR1%20Public%20Financing.pdf>: 3.

²⁰⁷ Stephen Ansolabehere, John M. De Figueiredo, and James M. Snyder, “Why Is There So Little Money in U.S. Politics?” *The Journal of Economic Perspectives* 17, no. 1 (2003): 112-114.

However, “clean elections” may be more important as a perspective than as a reality,²⁰⁸ and the perception is that our politicians are beholden to the people who give them money. A post-*Citizens United* poll found that over 70 percent of respondents “agreed” that representatives were “controlled” by the principal funders of their campaigns.²⁰⁹ The Brennan Center for Justice argues that “the reality, or even the perception, that campaign donors call the shots on major policy decisions is deeply corrosive to our democracy.”²¹⁰ The increased role of small donations, and proposed public financing programs, whether grants, vouchers, tax rebates, or public matching, may help lessen the perspective that members of Congress care primarily about large donors, and could help candidates with less access to these same wealthy donors win elections.

Of course, it’s not clear that by increasing the role of small donations, politicians will act more independently or be less considerate of larger donations. When he was in the Senate, Kerrey probably would have considered Americans for Prosperity’s perspective to avoid their support of an opponent. Relying on small donations may be a riskier proposition for current incumbents trained in one primary method of fundraising. In addition, public matching programs that force participating candidates to accept lower limits on individual contributions are unable to prevent outside spending, in which case candidates may try to simultaneously court small donors and the backing of Super PACs and 501(c)4 “dark money”²¹¹ group.

It is also important to consider that large donations do not necessarily have a major impact on the outcome of elections. In chapter 3, I found that candidates who received \$1 million more than their opponent would beat Hillary Clinton or Donald Trump’s share of the two-party

²⁰⁸ As the wide Republican perception of actually-nonexistent “voter fraud,” perpetuated by politicians, makes abundantly clear, it does not matter if elections are fair if you can convince a share of the public otherwise.

²⁰⁹ Lessig, *Republic, Lost*, 167.

²¹⁰ Fowler and Weiner, “Understanding H.R. 1’s Public Financing Provisions,” 2.

²¹¹ Outside interest groups that, unlike Super PACs, do not have to disclose their donors.

vote by 0.53 percent, and that large donations generally correlated with better performance and small donations with worse performance, but the impact of fundraising became insignificant when considering elections decided by less than 10 percent of the vote. Money may still be useful in primaries, but I was unable to provide a detailed analysis in that chapter. Additional small donations and money from public programs like vouchers will also not help in the most-important fundraising period of primaries, the seed round. According to Adam Bonica, lawyers and doctors are so well-represented in Congress because of their success in this round of fundraising, where they tap their personal network of high-salaried friends and colleagues.²¹² EMILY's List, meanwhile, equates early money with "yeast" since "it makes the dough rise."²¹³

Solutions to the Perception or Problems of "Big Money" in Politics

The most obvious solution to "big money" in politics, regulating it, is much more difficult with the Supreme Court's emphasis on the right to freedom of speech and its definition of corruption as cash directly resulting in votes. *Buckley v. Valeo* established an inability to "suppress communications" through "ceilings on expenditures" except for the goal of preventing "quid pro quo" corruption.²¹⁴ *Citizens United* later limited that definition of "quid pro quo" corruption to "dollars for political favors," adding that "the appearance of influence or access, furthermore, will not cause the electorate to lose faith in our democracy."²¹⁵ As long as the expectation is that political favors are not encouraged by unlimited outside spending, or by the

²¹² Adam Bonica, "Professional Networks, Early Fundraising, and Electoral Success" (December 28, 2016): 12. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2891145.

²¹³ Ibid.

²¹⁴ *Buckley v. Valeo*, 424 U.S. 1 (1976): 17.

²¹⁵ *Citizens United v. Fed. Election Comm'n*, 558 U.S. 310 (2010): 359-360.

current limits on direct contributions to candidates, it seems likely that specific restrictions on large spenders will get struck down as too restrictive on speech.

However, there may be greater benefit in fighting spending with more spending, rather than trying to establish a set of restrictions that may be too onerous on issue advocates or too permissive towards those who attempt to skirt the rules. The focus should be on outside spending, as individuals prevented from giving more to specific campaigns may be able to give to PACs or interest groups like the NRA instead. Even if the government was able to instill somewhat-low limits on outside spending, individuals and organizations like the NRA would still deserve and possess the right to advertise and advocate for or against legislative action in print, on television, or online.

In a polarized society, the line between a political advertisement and an issue advertisement can often be blurred. Ads telling viewers or readers to “call you representative,” or a specific Senator, and “tell them you support protecting the Second Amendment” may not state that they should support or vote for a Republican candidate, but the delineation between the two parties on gun rights makes the implication clear.

There is also the issue of where to “draw the line” on explicit political spending: A full page ad in the Sunday *New York Times* costs \$245,000²¹⁶ while a large stack of posters and hanging materials might cost a few hundred dollars or even less; is the latter more permissible simply because fewer people will be reached by the communication? And how is printing posters different from receiving and putting up a yard sign? In a situation where cost and reach are not always directly correlated, drawing a specific line anywhere makes no sense.

²¹⁶ New York Times, “2019 Business Advertising Rates,” <https://nytmmediakit.com/uploads/rates/Business2019.pdf>.

Small donors may be the existing “solution” to this problem. 22% of contributions made by the end of September in the 2020 election cycle came from small donations, up from 15% in 2016,²¹⁷ suggesting that they could become more viable as a primary source of funding for campaigns. Public matching programs, in which a candidate typically agrees to a lower maximum contribution size in return for receiving public funding at a proportional rate, often \$6 for every \$1, for small donations received, would put this current method of funding campaigns on steroids. 6:1 public matching may also incentivize more individuals to contribute to candidates, but unless it is widely advertised a mix of lack of information and the original costs of contributing²¹⁸ may also prevent that expansion of the donor base. I did not establish that candidates who would opt into such a matching program would be more ideologically extreme, but Chapter 2 established that candidates who receive a higher share of small donations are more ideologically extreme and those candidates would be the greatest potential beneficiaries of such a program. These ideologically-extreme candidates would not be representative of the broader population as a whole, which is bell-shaped rather than bimodal.²¹⁹

Vouchers are another public financing proposal, but one that would primarily rely on increasing the number of donors. There are two different methods of achieving this type of program: The first, vouchers themselves, has been championed by authors like Lawrence Lessig and Richard Hasen, and often gets a cute name like “democracy dollars.” Vouchers have been included in H.R. 1 as a pilot program in three to-be-determined states, though at the level of \$25

²¹⁷ “2020 election to cost \$14 billion, blowing away spending records,” *OpenSecrets.org*.

²¹⁸ To a voter, what is the utility difference between giving \$20 under the current rules and giving \$20 + \$120 in government funds under a public matching program? It depends on how much donors are attempting to be “participants” versus having the goal of giving their candidate more money to spend.

²¹⁹ Raymond J. La Raja and Brian F. Schaffner, “The Ideological Wellsprings of Campaign Money,” In *Campaign Finance and Political Polarization: When Purists Prevail* (Ann Arbor: University of Michigan Press, 2015): 46.

per recipient²²⁰ rather than Lessig and Hasen’s proposals of \$50 or \$100.²²¹ The second, a tax rebate, has been proposed by the conservative Richard Painter. There are benefits and downsides to each variation as well. A voucher system will be more complicated for government agencies and for campaigns, while tax rebates are more complicated for individuals (many of whom may not be told that such a rebate exists). Giving individuals money in the present, rather than telling them they’ll be recompensated in the future, may also provide a greater incentive to actually contribute.

Table 1: Preferences for Public Campaign Financing Proposals

Question	Democrats	Republicans	Independents	All
A: Public funding for taking only small donations	3.043	4.42	3.695	3.64
B: “Taxpayer-funded grants” for taking only small donations	3.39	4.462	4.518	3.94
C: Voters receive up to \$200 in “government-issued vouchers”	4.074	4.975	4	4.251
D: Voters receive up to \$200 in tax rebates	3.573	4.425	3.714	3.734
H: “Using tax dollars” in public financing is a good way to level the playing field between incumbents and challengers	3.47	5.233	3.78	3.98
I: H, but just “a public funding system for our elections”	2.73	4.17	3.615	3.512
L: 6:1 small donor matching with public funding	3.807	5	4.829	4.328
M: L, funded with penalties from those committing tax fraud	3.608	4.613	4	4.039
N: L, but using “taxpayer dollars”	3.83	5.5	5.152	4.633

Each cell includes the mean and response breakdown; 1 means “strongly agree” and 7 means “strongly disagree.” Ordered from 1 to 7 starting from the left.

²²⁰ U.S. Congress, House, HR 1, 116th Cong., 1st sess., introduced in House January 3, 2019, <https://www.congress.gov/bill/116th-congress/house-bill/1/text#toc-H168FC62648F344F9B33DB9D8EC613780>.

²²¹ Lessig, *Republic, Lost*, 266 and Hasen, *Plutocrats United*, 10.

Vouchers are also less popular than other public financing proposals. Table 1 shows selected responses from a national survey by the Wesleyan Media Project, shared with the permission of Michael Franz. Respondents in the sample were from an online panel, but weighted to reflect census data. As part of the survey, they were asked to score various public finance proposals on a 7-point scale, where a 1 is “strongly agree” and a 7 is “strongly disagree.” Those respondents scored a tax rebate proposal at a 3.734, while vouchers scored a 4.251. Small donor matching actually performed worse than the voucher system with a score of 4.328, rising to a 4.633 when primed with “using taxpayer dollars.” The survey does demonstrate that the framing of any proposal is crucial. Matching funds score a more-neutral 4.039 when respondents were told that public matching would be funded with penalties from people convicted of tax fraud, and the difference between scores when taxpayer dollars are mentioned for question pair A and B and for question pair H and I, like the difference between L and N, is about 0.3. Voters may also be more supportive if they understood the magnitude of the program: If 200 million Americans each spent \$25 in public funds, that would only cost the government \$5 billion, and would actually still be substantially less than the amount spent by private actors on the 2020 elections.²²² Of course, \$200 would be another story in terms of potential public investment in the electoral process.

Voters also respond well to the idea of “levelling the playing field” between incumbents and challengers, a sign that presenting the purpose of specific legislation may improve its popularity, and that voters may view incumbents as having an unfair advantage in fundraising for their campaigns. “A public funding system for our elections is a good way to level the playing field between incumbents and challengers” scored a 3.512, including a 2.73 from Democrats.

²²² “2020 election to cost \$14 billion, blowing away spending records,” *OpenSecrets.org*.

Voters who identified as Democratic on a 3-point party ID scale were more likely to support every public financing proposal, though the sample size of the responses was particularly small for Republicans. The most damaging sign for the prospects of a “democracy dollar” voucher program is that it was the only proposal for which Democratic-identifying respondents leaned more towards opposition than support.

Conclusion

There are two equally compelling but opposing possible views of small donors and small contributions in federal elections. Small donations are accessible to a large portion of Americans; we spent almost as much on potato chips as was spent on federal campaigns in 2012, a Presidential cycle²²³ (and federal elections are only every other year!). 12 percent of respondents in the 2016 American National Election Survey claimed they donated to a political candidate that cycle,²²⁴ a surprisingly high number when only 1.6 million Americans contributed more than \$200 to federal campaigns that cycle.²²⁵ The campaign finance system is much more than the 15,810 donors who provided half of that cycle’s campaign funds,²²⁶ and the federal government has the ability to adopt programs that would encourage more Americans to participate or “level the playing field” between those who do. When a tiny fraction of the population funds a significant portion of American elections, and the threat or promise of that money affects the behavior or actions of politicians, it is more difficult to envision the “government of the people”

²²³ Hasen, *Plutocrats United*, 42.

²²⁴ Because small donations aren’t itemized, we can know how many donations were made, how much was raised, and the number of unique donors for a candidate, but we don’t know how many small donors also contributed to other candidates. So only poll data can be used to estimate that number. <https://www.pewresearch.org/fact-tank/2017/05/17/5-facts-about-u-s-political-donations/>

²²⁵ Center for Responsive Politics, “Donor Demographics,” *OpenSecrets.org*, <https://www.opensecrets.org/elections-overview/donor-demographics?cycle=2016>.

²²⁶ Pildes, “Participation and Polarization,” 358.

described by Abraham Lincoln in the Gettysburg Address, and which is the essential translation of the word “democracy.”

On the other hand, the “everyday” Americans who contribute to campaigns but are not part of the elite circle may not be that representative of the actual “Everyman.” Voters themselves actually follow a bell curve in terms of ideology, but the distribution of political contributors by ideology is bimodal, with more-partisan (or ideologically extreme) individuals more likely to donate,²²⁷ especially if they have more-extreme perspectives of the opposing party, though they often contribute in light of two-party competition rather than strictly individual preferences.²²⁸ Meanwhile, most of the 30 wealthiest Americans are closer to the center than either the Republican or the Democratic Parties,²²⁹ so their contributions may better reflect “everyday” Americans than the typical small donor.²³⁰ To some extent, we are left with a catch-22: Celebrating and encouraging the increasing role of small donations in federal elections takes power away from unrepresentative individuals in terms of wealth and power, and pushes it towards a group that is unrepresentative in terms of ideology. There are two massive paradigm shifts in campaign finance that could occur from an increased emphasis on small donations, and one centered around this existing donor population is likely to strengthen partisan divides and threaten more-moderate incumbents in primary challenges.

For the American campaign finance system to truly be more representative of its voting population, it does not simply need smaller donors to equal or surpass the power of the most

²²⁷ La Raja and Schaffner, “The Ideological Wellsprings of Campaign Money,” 46.

²²⁸ Seth J. Hill and Gregory A. Huber, “Representativeness and Motivations of the Contemporary Donorate: Results from Merged Survey and Administrative Records,” *Political Behavior* 39 (2017): 18-21.

²²⁹ Adam Bonica, Nolan McCarty, Keith T. Poole, and Howard Rosenthal, “Why Hasn’t Democracy Slowed Rising Inequality?” *Journal of Economic Perspectives*, 27 no. 3 (Summer 2013): 115.

²³⁰ This, of course, may not be strictly true: One could imagine views on the estate tax, capital gains tax, and wealth-related issues as being divergences from that ideological estimate.

influential contributors, it needs more donors (who would likely be small donors) who reflect the actual voter population. Moderate donors could oppose extremist candidates in both primaries and general elections, even when they are registered independents, and finance programs that target this largely untapped population, especially if they are paired with other democratizing reforms, are an important step in ensuring the voice of every American is not just heard at the ballot box, but in the bank accounts of campaigns as well. Elections aren't won simply because of money, but we have a duty in ensuring they never appear to be.

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